



Australian Government

**Department of Infrastructure, Transport,
Cities and Regional Development**



ANNUAL REPORT

18 19

Great Cities. Strong Regions. Connecting Australians.



Australian Government

**Department of Infrastructure, Transport,
Cities and Regional Development**

ANNUAL REPORT



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Great Cities. Strong Regions. Connecting Australians.

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Australian Government

Department of Infrastructure, Transport, Cities and Regional Development

Pip Spence PSM
A/g Secretary

The Hon Michael McCormack
Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
Parliament House
CANBERRA ACT 2600

Dear Deputy Prime Minister

I am pleased to present the Annual Report for the Department of Infrastructure, Transport, Cities and Regional Development for the year ended 30 June 2019.

The department's report has been prepared in accordance with section 46 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) which also requires that you present this report to the Parliament.

In accordance with sections 39(1)(b) and 43(4) of the PGPA Act, this report includes the department's annual performance statements and audited financial statements.

I certify:

- ▶ in accordance with sections 17AG and 17BE of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), there were no significant issues of non-compliance notified during the reporting period
- ▶ in accordance with sections 10 and 17AG of the PGPA Rule, the department has prepared a fraud risk assessment and a fraud control plan, and has in place appropriate fraud prevention, detection, investigation and reporting mechanisms to meet the specific needs of the department

This report also includes information required by:

- ▶ paragraph 11.1(ba) of the Legal Services Directions 2017
- ▶ paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997
- ▶ section 29 of the Air Navigation Act 1920
- ▶ section 20 of the Aircraft Noise Levy Collection Act 1995
- ▶ section 94 of the National Land Transport Act 2014
- ▶ section 311A of the Commonwealth Electoral Act 1918
- ▶ schedule 2, part 4 of the Work Health and Safety Act 2011
- ▶ section 516A of the Environment Protection and Biodiversity Conservation Act 1999

I have copied this letter to the the Hon David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, the Hon Alan Tudge MP, Minister for Population, Cities and Urban Infrastructure, the Hon Mark Coulton MP, Minister for Regional Services, Decentralisation and Local Government, the Hon Andrew Gee MP, Assistant Minister to the Deputy Prime Minister, the Hon Scott Buchholz MP, Assistant Minister for Road Safety and Freight Transport, and the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories.

Yours sincerely

Pip Spence PSM

16 September 2019



Guide to this report

What this report covers

This annual report explains how the resources entrusted to the Department of Infrastructure, Transport, Cities and Regional Development have been used during the year. It considers the Department of Finance's Resource Management Guide No. 135: Annual reports for non-corporate Commonwealth entities; and Resource Management Guide No. 134: Annual performance statements for Commonwealth entities.

How information is presented

Key terms and acronyms are explained as they are introduced and are listed at the back of this report.

Tables throughout the report use notations as follows:

- \$m means million dollars
- – means either zero or nil
- N/A means not applicable

How to obtain copies

Reports are available in printed form from libraries around Australia under the Australian Government library deposit and free issue scheme. For a list of these libraries, visit the Department of Finance website <www.finance.gov.au/librarydeposit>.

This report is also available at <https://www.infrastructure.gov.au/department/annual_report/index.aspx> and <www.transparency.gov.au>. It is published in a variety of digital formats to make it more accessible, including for people in regional areas and people with disability. It is available online after it is tabled in Parliament.

More information

Before making decisions or acting on information in this report, you should contact the department. This report was up-to-date when it was tabled, but details change over time due to legislative, policy and other developments.

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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

55
projects completed
119
projects commenced



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



PART 1

Year in review

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.



Departmental staff attending the vision launch



Dr Steven Kennedy launching the department's new vision

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

Figure 1.1 Department of Infrastructure, Transport, Cities and Regional Development: Our Vision



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)

		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Change last year
Revenue from government		231.1	250.2	261.7	248.5	241.7	210.0	(31.7)
Other revenue		5.8	6.7	4.7	4.3	8.1	7.1	(1.0)
Gains		8.2	26.3	10.4	1.1	0.9	0.5	(0.4)
Total income		245.1	283.1	276.8	253.9	250.7	217.6	(33.1)
Employee and supplier expenses		230.4	252.6	253.7	248.2	240.3	224.2	(16.1)
Depreciation and amortisation		11.6	12.5	12.2	9.3	8.1	6.8	(1.3)
Other expenses		1.1	8.1	2.0	0.8	4.4	2.3	(2.1)
Total expenses		243.0	273.2	268.0	258.3	252.8	233.3	(19.5)
Surplus (Deficit) attributable to the Australian Government		2.1	9.9	8.9	(4.4)	(2.2)	(15.7)	(13.5)
Plus non-appropriated depreciation and amortisation expenses		11.6	12.5	12.2	9.3	8.1	6.8	(1.3)
Operating result (Loss) attributable to the agency		13.7	22.4	21.1	4.9	5.9	(8.9)	(14.8)
Financial assets	A	136.0	130.8	133.5	147.0	144.9	132.7	(12.2)
Non-financial assets	B	50.4	35.9	43.5	40.6	37.9	44.5	6.6
Liabilities	C	106.8	85.9	68.7	73.5	63.6	65.7	2.1
Net assets – A + B - C		79.6	80.8	108.3	114.1	119.2	111.5	(7.7)

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)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Change last year
Taxation revenue	34.4	36.3	39.4	41.7	47.2	45.3	(1.9)
Non-taxation revenue	1,520.0	536.7	408.9	360.7	547.9	452.2	(95.7)
Gains	0.1	65.7	11.2	11.8	7.7	66.0	58.3
Total income	1,554.5	638.7	459.4	414.2	602.8	563.5	(39.3)
Employee and supplier expenses	100.4	124.2	137.2	157.5	174.5	204.1	29.6
Depreciation and amortisation	29.1	43.8	39.9	53.9	36.6	38.5	1.9
Grants	3,431.6	4,799.6	2,908.4	5,005.0	4,034.0	4,055.4	21.4
Subsidies	164.9	187.6	195.7	206.2	219.7	226.3	6.6
Other expenses	0.8	54.0	314.0	566.9	480.7	236.2	(244.5)
Total expenses	3,726.9	5,209.2	3,595.2	5,989.5	4,945.5	4,760.5	(185.0)
Financial assets A	4,727.8	5,391.2	5,387.6	6,422.5	7,573.0	7,976.0	403.0
Non-financial assets B	700.3	647.5	881.3	1,029.5	663.4	756.0	92.6
Liabilities C	66.5	71.6	367.6	270.2	170.1	211.5	41.4
Net assets – A + B – C	5,361.6	5,967.1	5,901.3	7,181.8	8,066.3	8,520.5	454.2

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>.



The background of the page features a complex network of thin, light blue lines connecting various sized circular nodes. The nodes and lines are more prominent in the purple-toned upper left and fade into the blue-toned lower right. A sharp diagonal line divides the entire page from the bottom left towards the top right. The upper-left portion is a deep purple, while the lower-right portion is a solid blue.

PART 2

Department overview

PART 2

Department overview

Roles and functions

The department is responsible for designing and implementing the Australian Government's infrastructure, transport, regional development and cities policies, programs and regulations. This helps the government achieve a strong economy and thriving communities, now and for the future.

The department delivers against five purposes through eight Budget programs:



supporting economic growth through transport



making travel safer



increasing transport access



supporting regional development, cities and local communities



providing good governance in the territories

Purposes

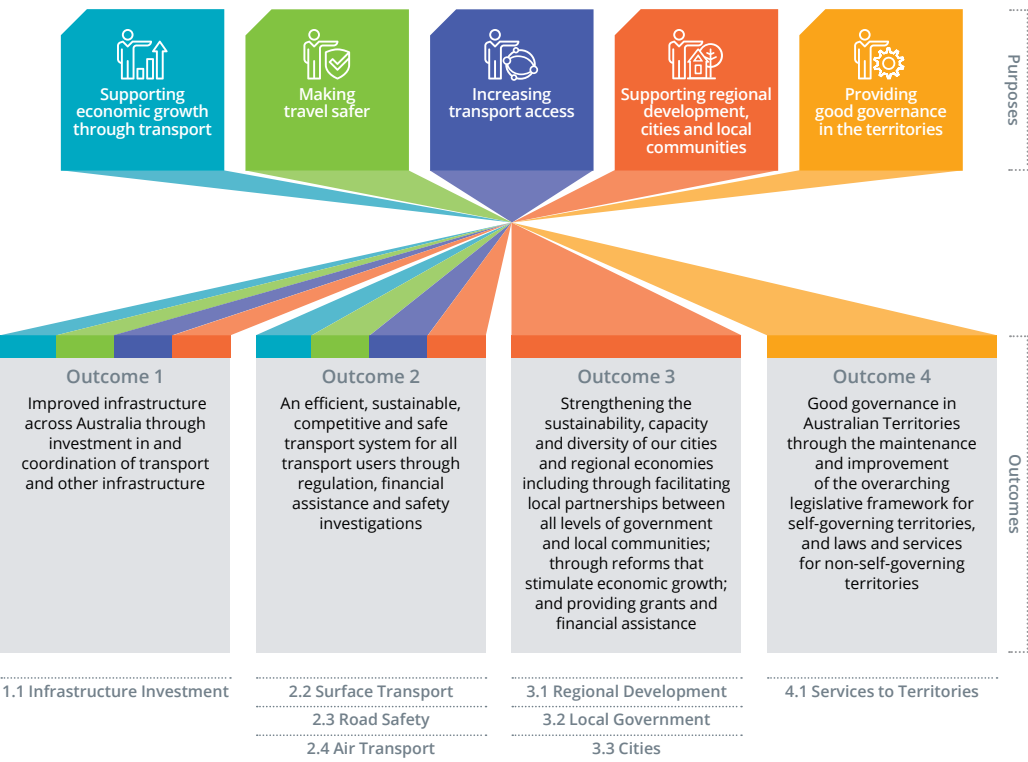
During the year the department worked to achieve the five purposes outlined in Table 2.1.

Table 2.1 Purposes and outcomes

Purpose	Related Outcome set out in the 2018–19 Portfolio Budget Statements	
Supporting economic growth through transport Improving transport efficiency and sustainability to facilitate the movement of people and freight	Outcomes 1 and 2	Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure Outcome 2: An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations
Making travel safer Minimising the number and severity of transport safety incidents	Outcomes 1 and 2	Outcome 3: Strengthening the sustainability, capacity and diversity of our cities and through regional economies, including facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance
Increasing transport access Connecting people, communities, businesses and markets	Outcomes 1 and 2	Outcome 4: Good governance in the Australian Territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories
Supporting regional development, cities and local communities Delivering jobs and economic growth for regional Australia and improving standards of living through influencing policy, investing in infrastructure and building community capability	Outcomes 1 and 3	
Providing good governance in the territories Delivering services, legislative frameworks and infrastructure	Outcome 4	

Mapping our purposes, programs and outcomes

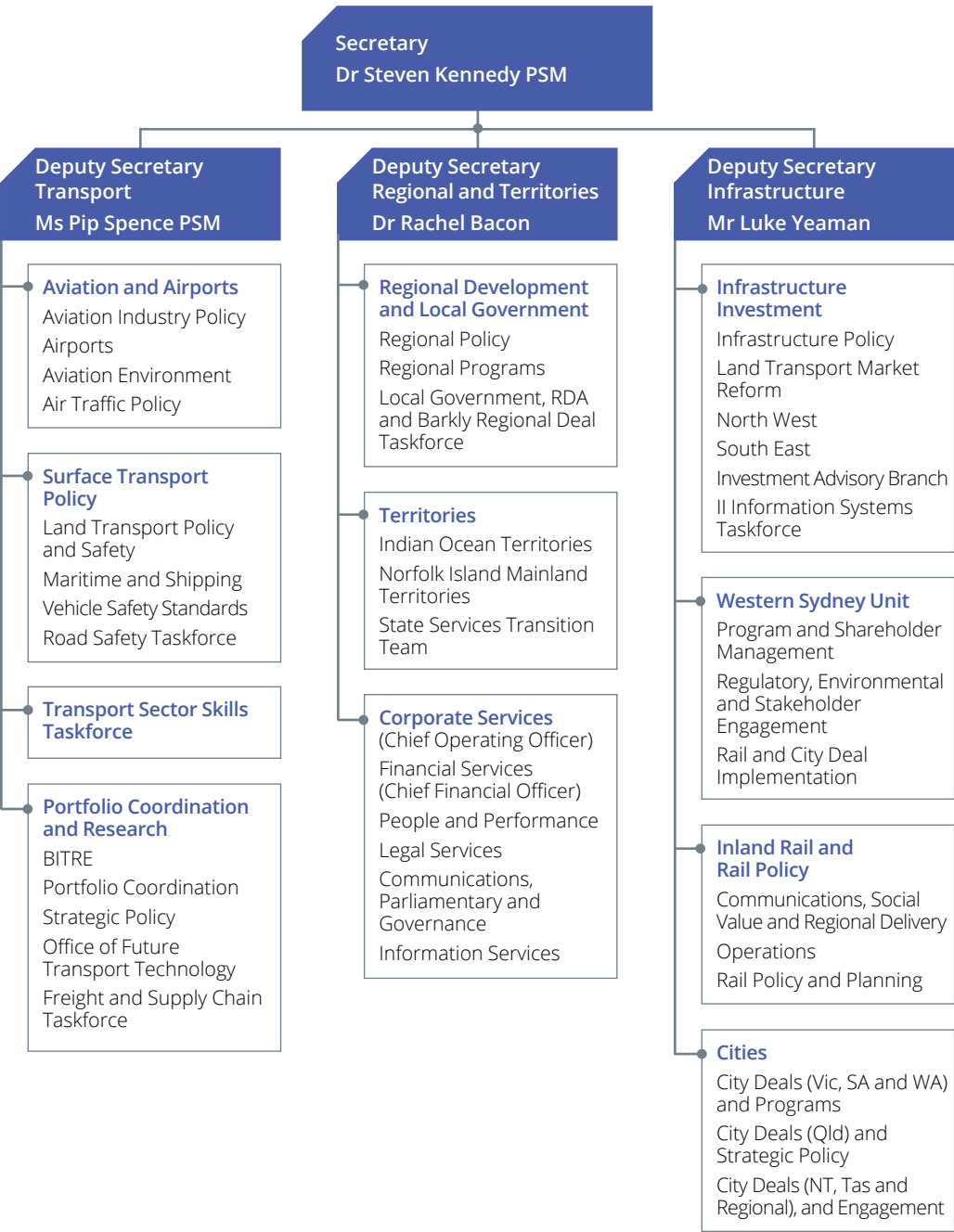
Figure 2.1 Purpose, programs and outcomes at 30 June 2019



Organisational structure

At 30 June 2019 the department comprised eight business divisions and a Transport Sector Skills Taskforce. These were supported by the Corporate Services and Portfolio Coordination and Research Divisions.

Figure 2.2 Organisational structure at 30 June 2019



Ministers

From 1 July 2018 to 28 August 2018 the department was accountable to:

- ▶ the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure and Transport
- ▶ the Hon Dr John McVeigh MP, Minister for Regional Development, Territories and Local Government
- ▶ the Hon Paul Fletcher MP, Minister for Urban Infrastructure and Cities

A reshuffle of ministerial responsibilities on 28 August 2018 meant the department was accountable to the following ministers:

- ▶ the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- ▶ Senator the Hon Bridget McKenzie, Minister for Regional Services, Sport, Local Government and Decentralisation
- ▶ the Hon Alan Tudge MP, Minister for Cities, Urban Infrastructure and Population
- ▶ the Hon Sussan Ley MP, Assistant Minister for Regional Development and Territories
- ▶ the Hon Andrew Broad MP, Assistant Minister to the Deputy Prime Minister
- ▶ the Hon Scott Buchholz MP, Assistant Minister for Roads and Transport

On 18 December 2018 the Hon Andrew Broad MP resigned his ministry and the department was accountable to:

- ▶ the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- ▶ Senator the Hon Bridget McKenzie, Minister for Regional Services, Sport, Local Government and Decentralisation
- ▶ the Hon Alan Tudge MP, Minister for Cities, Urban Infrastructure and Population
- ▶ the Hon Sussan Ley MP, Assistant Minister for Regional Development and Territories
- ▶ the Hon Scott Buchholz MP, Assistant Minister for Roads and Transport

On 25 January 2019 the Hon Andrew Gee MP was sworn in, making the department accountable to:

- ▶ the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- ▶ Senator the Hon Bridget McKenzie, Minister for Regional Services, Sport, Local Government and Decentralisation
- ▶ the Hon Alan Tudge MP, Minister for Cities, Urban Infrastructure and Population
- ▶ the Hon Sussan Ley MP, Assistant Minister for Regional Development and Territories
- ▶ the Hon Scott Buchholz MP, Assistant Minister for Roads and Transport
- ▶ the Hon Andrew Gee MP, Assistant Minister to the Deputy Prime Minister

On 2 March 2019 the Federal Election was called and the department entered caretaker provisions.

On 29 May 2019 the new ministry was sworn in making the department accountable to:

- ▶ the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- ▶ the Hon David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- ▶ the Hon Alan Tudge MP, Minister for Population, Cities and Urban Infrastructure
- ▶ the Hon Mark Coulton MP, Minister for Regional Services, Decentralisation and Local Government
- ▶ the Hon Scott Buchholz MP, Assistant Minister for Road Safety and Freight Transport
- ▶ the Hon Andrew Gee MP, Assistant Minister to the Deputy Prime Minister
- ▶ the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories

Executive team

Dr Steven Kennedy PSM: Secretary



Steven Kennedy was appointed Secretary of the Department of Infrastructure, Transport, Cities and Regional Development in September 2017. As Secretary and accountable authority, he is responsible for delivering quality policy advice, programs and regulatory functions to support economic growth through transport, make travel safer, increase transport access, support regional development, local communities and cities, and provide good governance in the territories.

Before this appointment, Steven held other senior positions including Deputy Secretary at the Department of the Prime Minister and Cabinet; Deputy Secretary at the Department of Industry, Innovation and Science; Deputy Secretary at the Department of the Environment; and the Head of Secretariat of the Garnaut Climate Change Review – Update 2011.

Steven began his public service career as a cadet at the Australian Bureau of Statistics. Before joining the public service, he trained and worked as a nurse.

He is a member of the National Transport Commission, the Infrastructure Partnerships Australia Advisory Board, the Foundation for Rural & Regional Renewal Board, the SMART Advisory Council and the Centre for Market Design Advisory Board.

Steven was awarded a Public Service Medal (PSM) in 2016 for outstanding public service in the area of climate change policy.

He holds a PhD and a Masters in Economics from the Australian National University and a Bachelor of Economics (First Class Honours) from the University of Sydney.

Ms Pip Spence PSM: Deputy Secretary



Pip Spence's responsibilities include aviation and airports, surface transport policy and portfolio coordination and research.

Before being appointed Deputy Secretary, she was Executive Director of the Aviation and Airports Division. She has also held a number of senior leadership roles in the Department of the Prime Minister and Cabinet, and the Department of Broadband, Communications and the Digital Economy. In 2013 Pip was awarded a PSM for her outstanding public service and contribution to the Australian community in managing telecommunications regulations reform associated with the National Broadband Network.

Pip is chair of the department's Finance and Operations Committee and is the department's disability and gender equality champion. She is a member of the Australasian New Car Assessment Program (ANCAP) board.

Mr Luke Yeaman: Deputy Secretary

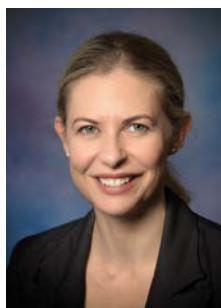


Luke Yeaman's responsibilities include infrastructure policy and investment, urban and cities policy and overseeing the delivery of major transformational projects such as the Western Sydney Airport and the Inland Rail.

Luke has held senior leadership positions in the Department of the Prime Minister and Cabinet, the Commonwealth Treasury and the Office of National Assessments.

He is the chair of the department's People and Culture Committee and holds a Bachelor of Economics (Honours) from Monash University.

Dr Rachel Bacon: Deputy Secretary (from 19 November 2018)



Rachel Bacon is responsible for regional development and local government, territories and corporate services.

Before she joined the department, she was at the Department of the Environment and Energy leading significant reforms and building the department's capability in risk management, performance reporting, governance, innovation and Budget. Her 20 year career in the public service has included senior positions at the Department of the Prime Minister and Cabinet, the Attorney-General's Department and more than two years in the Northern Territory public service as Deputy CEO in the Department of the Chief Minister.

Rachel is a board member of the Australian Maritime Safety Authority. She also chairs the department's Performance and Assurance Committee and is a member of the Audit and Risk Committee. Rachel is a graduate of the Australian Institute of Company Directors, and her PhD, awarded in 2005, focused on administrative law and organisational change.

Ms Judith Zielke PSM: Deputy Secretary (to 24 October 2018)

Until her transfer to the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in October 2018, Judi Zielke was the department's Deputy Secretary responsible for regional development and local government, territories and corporate services.

The portfolio

This report focuses on the Department of Infrastructure, Transport, Cities and Regional Development (formerly the Department of Infrastructure, Regional Development and Cities). Information on portfolio entities can be obtained from their annual reports and websites. The entities in the portfolio at 30 June 2019 were:

- ▶ Airservices Australia
- ▶ Australian Maritime Safety Authority
- ▶ Australian Transport Safety Bureau
- ▶ Civil Aviation Safety Authority
- ▶ Infrastructure Australia
- ▶ Infrastructure and Project Financing Agency
- ▶ National Capital Authority
- ▶ National Transport Commission
- ▶ North Queensland Water Infrastructure Authority

Commonwealth companies in the portfolio at 30 June 2019 were:

- ▶ Australian Rail Track Corporation Limited
- ▶ Moorebank Intermodal Company Limited
- ▶ WSA Co Limited

Table 2.2 Information on portfolio entities in the general government sector at 30 June 2019

Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development	
The Hon Michael McCormack MP	
Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management	
The Hon David Littleproud MP	
Minister for Population, Cities and Urban Infrastructure	
The Hon Alan Tudge MP	
Minister for Regional Services, Decentralisation and Local Government	
The Hon Mark Coulton MP	
Assistant Minister for Road Safety and Freight Transport	
The Hon Scott Buchholz MP	
Assistant Minister to the Deputy Prime Minister	
The Hon Andrew Gee MP	
Assistant Minister for Regional Development and Territories	
The Hon Nola Marino MP	
Department of Infrastructure, Transport, Cities and Regional Development	
Secretary:	Dr Steven Kennedy PSM
Outcome 1:	Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure.
Outcome 2:	An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations.
Outcome 3:	Strengthening the sustainability, capacity and diversity of our cities and regional economies, including through facilitating local partnerships between all levels of government and local communities; reforms that stimulate economic growth; and providing grants and financial assistance.
Outcome 4:	Good governance in the Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories.
Australian Maritime Safety Authority	
Chair:	Mr Stuart Richey AM
Chief Executive Officer:	Mr Michael Kinley
Outcome 1:	Minimise the risk of shipping incidents and pollution in Australian waters through ship safety and environment protection regulation and services, and maximise people saved from maritime and aviation incidents through search and rescue coordination.

Australian Transport Safety Bureau

Chief Commissioner: Mr Greg Hood

Outcome 1: Improved transport safety in Australia including through: independent 'no blame' investigation of transport accidents and other safety occurrences; safety data recording, analysis and research; and fostering safety awareness, knowledge and action.

Civil Aviation Safety Authority

Chair: Mr Anthony Mathews

Chief Executive Officer and Director of Aviation Safety: Mr Shane Carmody

Outcome 1: Maximise aviation safety through a regulatory regime, detailed technical material on safety standards, comprehensive aviation industry oversight, risk analysis, industry consultation, education and training.

Infrastructure Australia

Chair: Ms Julieanne Alroe

Chief Executive Officer: Ms Romilly Madew

Outcome 1: Improve decision-making on matters relating to infrastructure; advise governments and others on matters relating to infrastructure, including better assessment of infrastructure needs and prioritisation of infrastructure projects; and promote best practice infrastructure planning, financing, delivery and operation.

Infrastructure and Project Financing Agency

Chief Executive Officer: Ms Leilani Frew

Outcome 1: Leverage additional private sector investment in infrastructure and secure better returns from the Commonwealth's investment by assisting the government to identify, assess and broker financing opportunities for infrastructure and projects, including through engagement with Commonwealth entities, state and territory governments, and the private sector.

National Capital Authority

Chair: Mr Terry Weber

Chief Executive Officer: Ms Sally Barnes

Outcome 1: Manage the strategic planning, promotion and enhancement of Canberra as the National Capital for all Australians through the development and administration of the National Capital Plan, operation of the National Capital Exhibition, delivery of education and awareness programs, and works to enhance the character of the National Capital.

National Transport Commission

Chair: Ms Carolyn Walsh

Chief Executive
Officer and
Commissioner:

Dr Gillian Miles

Outcome 1: Improve transport productivity, efficiency, safety and environmental performance and regulatory efficiency in Australia through developing, monitoring and maintaining nationally consistent regulatory and operational arrangements relating to road, rail and intermodal transport.

North Queensland Water Infrastructure Authority

Interim Chief
Executive
Officer:

Mr Richard McLoughlin

Outcome 1: Progress the development of water resource projects in North Queensland through strategic planning and coordination of information sharing among relevant regulatory authorities and stakeholders.





PART 3

Management and accountability

PART 3

Management and accountability

Corporate governance

Staff in the Corporate Services Division provide high-quality services, systems, support and advice to the executive and business divisions. This enables the activities which achieve the department's purposes. Corporate responsibilities include financial management, workforce management and planning, information and communication technology, ministerial and parliamentary services, legal services, property and office services management, governance, business planning, audits, risk management and evaluation, and communication services.

Governance framework

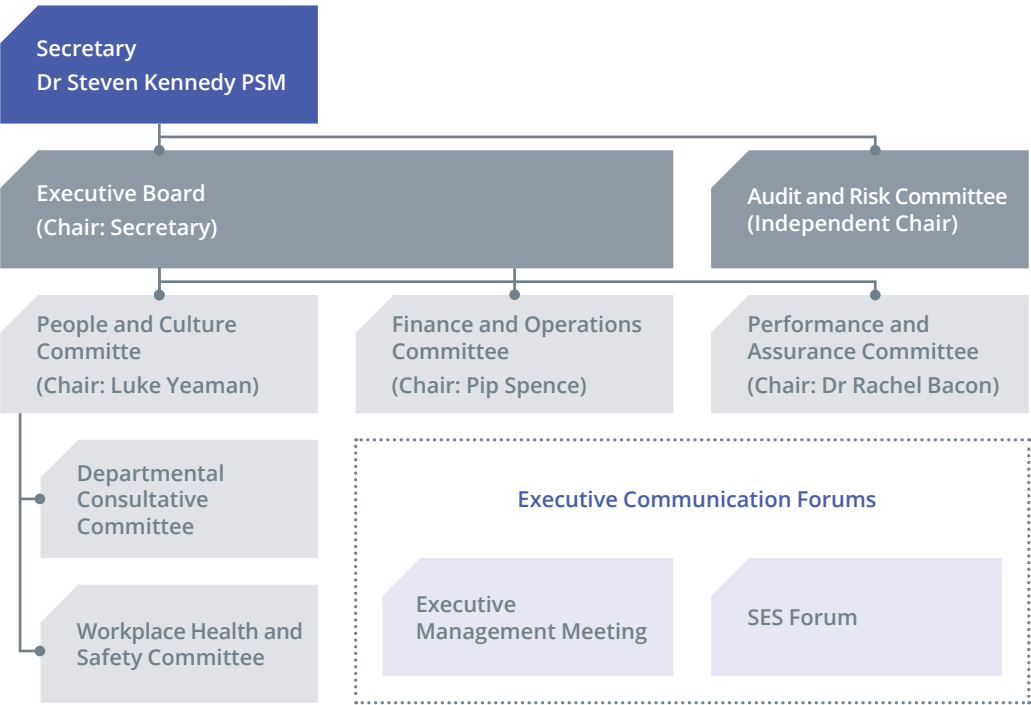
The department's governance framework includes the systems, processes and structures that help achieve our vision and promote the principles of good governance. The framework is designed to engage staff and to support:

- ▶ accountability
- ▶ a focus on high standards of performance
- ▶ risk management
- ▶ efficient, effective and ethical management of resources

It includes a number of committees that provide strategic advice and assurance, and support the Secretary to discharge his obligations under the Public Governance, Performance and Accountability Act 2013. These committees also develop leadership capability to address enterprise challenges, and work to improve governance culture and accountability across the department.

Figure 3.1 shows the department's governance structure at 30 June 2019.

Figure 3.1: Governance committee structure



Executive Board

The Executive Board is the department's most senior governance body and is chaired by the Secretary. It supports the Secretary as the accountable authority in delivering the department's purposes, strategic objectives and operational requirements. In considering departmental business priorities, the board:

- provides strategic guidance on infrastructure, transport and regional development issues to the Australian Government
- oversees—and is responsible for—high level policy and corporate policy matters
- oversees departmental resourcing, operational and ministerial support matters
- notes and endorses governance committee updates and decisions
- is responsible for the department's inclusion and diversity policy (departmental champions) and for embedding the department's vision and purposes

The Executive Board meets weekly. It includes the Secretary, Deputy Secretaries, the Chief Operating Officer, the Chief Financial Officer, the General Counsel and two other Executive Directors on a rotating basis. The first meeting of each month is reserved for an executive strategy discussion, consisting only of the Secretary and Deputy Secretaries.

Organisational management committees

Audit and Risk Committee

The Audit and Risk Committee provides independent advice to the Secretary on the appropriateness of our financial reporting, performance reporting, risk oversight and management, and system of internal control.

In accordance with its charter, the Audit and Risk Committee:

- monitors and advises on our risk management framework and approach to managing risks
- reviews the appropriateness of our systems and procedures for assessing and reporting performance
- oversees preparation of our financial statements in conjunction with the Financial Statements sub-committee
- considers and endorses the internal audit work program and monitors its implementation
- monitors implementation of agreed recommendations from internal audits, Australian National Audit Office performance audits, and reports from the Joint Committee of Public Accounts and Audit
- provides a forum for the department and the Australian National Audit Office to exchange views on external audit findings and recommendations

The Audit Committee meets at least four times a year. Its members include two department officials and three independent members. Mr Geoff Knuckey is the Audit and Risk Committee's independent chair.

Departmental Consultative Committee

The Departmental Consultative Committee considers matters relating to our Enterprise Agreement and general workplace issues. It is consulted on matters including:

- operation and implementation of the agreement
- the impact of any legislative changes affecting employment conditions
- machinery of government changes

The committee meets quarterly and comprises the Chief Operating Officer (chair), employee-elected representatives for each division, and two SES officers. The committee chair also determines whether other matters related to the workplace, such as accommodation, are discussed.

Work Health and Safety Committee

The Work Health and Safety Committee considers work health and safety strategy, policy and performance matters to improve our health and safety environment.

The committee meets quarterly and comprises a general manager, management representatives and employee representatives.

Governance committees

The department has three governance committees, each chaired by a Deputy Secretary and responsible to the Executive Board:

- ▶ People and Culture Committee
- ▶ Finance and Operations Committee
- ▶ Performance and Assurance Committee

People and Culture Committee

The People and Culture Committee provides advice to the Executive Board on workforce management and reporting, and influences the department's priorities for workforce development, capability and culture. It works to build an inclusive and supportive culture. The Workplace Health and Safety Committee and the Departmental Consultative Committee provide advice to the People and Culture Committee.

Finance and Operations Committee

The Finance and Operations Committee meets monthly and is responsible for financial management, IT, accommodation, security and program management. It also oversees the department's property strategy and provides a forum to consider departmental implications for whole of government initiatives.

Performance and Assurance Committee

The Performance and Assurance Committee advises on compliance and assurance functions, as well as the department's strategic priorities for risk and innovation, program performance, reporting, data and evaluation.

It supports continuous improvement across the department and meets quarterly.

Planning and reporting framework

The corporate plan is the department's primary planning document and is updated each year. The 2018–19 Corporate Plan was published in August 2018, covering the four years from 2018–19 to 2021–22. The plan includes information about our purposes, operational environment, strategy, key priorities and performance targets, as well as the approach to departmental capability building and risk management. The 2018–19 Portfolio Budget Statements, published in May 2018, included financial information and details about our outcomes, programs, administered items and performance targets for 2018–19.

Both the corporate plan and the portfolio budget statements inform the strategic annual business plans for each division. Twice a year, meetings are held between divisional SES staff and the executive to discuss progress against divisional business plans. This informs the executive of achievements and any emerging areas of concern in delivering agreed activities and outcomes.

Risk management

The department has an integrated approach to managing risk, and risks are considered and managed at different levels. During the year we:

- reviewed and updated our risk management policy and framework
- developed new risk appetite and tolerance statements to define our attitude toward engaging and managing risk

Enterprise and high-level program risks are reviewed regularly by the Executive Board, and monitored by the Audit and Risk Committee.

Fraud control

The department reviewed our Fraud Control Plan and Fraud Risk Assessment during the year, which took into account several organisational changes. The Fraud Control Plan outlines strategies to prevent, detect and investigate potential fraud.

All staff were required to complete fraud and ethical awareness e-learning.

We managed issues of potential fraud under section 10 of the Public Governance, Performance and Accountability Rule 2014 and reported regularly to the Audit and Risk Committee.

Business continuity management

Business continuity management is an important part of the department's overall approach to effective risk management. Our business continuity response:

- ensures the safety and wellbeing of staff
- ensures shared understanding of the key processes, resources and technology necessary to support critical business functions
- provides timely resumption of critical services and a return to normal operations
- delivers a coordinated response to minimise disruption to the department

Protective security

The department reviewed internal and external risk factors during 2018–19 and strengthened processes and controls to meet the Australian Government's protective security requirements. A risk based approach was adopted as required under the Protective Security Policy Framework. The department also responded to emerging whole of government initiatives to coordinate and standardise security practices introduced in 2018–19.

Internal audit

The department has adopted a risk based approach to developing its annual internal audit work program. The program was endorsed by the Audit and Risk Committee and approved by the Secretary.

The Audit and Risk Committee monitored the work program's progress during the year. This included implementing agreed recommendations from completed audits.

Evaluation

The department's Monitoring and Evaluation Capability Strategy 2017–2020 is helping embed a culture of reflective and evaluative thinking across the department. It is growing staff skills in:

- developing and implementing monitoring and evaluation frameworks
- collecting routine performance monitoring data
- ensuring high quality program evaluation

An evaluation work program was developed during the year for implementation in 2018–19. Work was also undertaken to develop monitoring and evaluation frameworks.

Ethical standards

The department maintains high standards of integrity, good governance and ethics. All employees are required to uphold the Australian Public Service Values, Employment Principles and Code of Conduct.

In 2019 we conducted our annual employee declaration of personal interests for SES staff. In addition, all Executive Level 2 employees were required to complete a declaration of personal interests as well as a number of other identified non-SES staff due to the nature and sensitivity of their work. Throughout the year staff were regularly reminded to consider their personal arrangements and complete a declaration if necessary. Senior management also submitted their related parties disclosure as required by the Australian Accounting Standard AASB 124—Related Party Disclosures. In 2018–19 the Australian Government Solicitor's office conducted Divisional Code of Conduct presentations to increase awareness and understanding of the APS Code of Conduct.

Information Publication Scheme

Entities subject to the Freedom of Information Act 1982 must publish information as part of the Information Publication Scheme. This requirement in Part II of the Act has replaced the former section 8 requirement to publish a statement in an annual report. Our department's plan shows the information that is published in accordance with the requirements at infrastructure.gov.au/department/ips/index.aspx.

Legal services expenditure

Paragraph 11.1(ba) of the Legal Services Directions 2017 requires we appropriately record and monitor our legal services purchasing, including expenditure. It also requires that each year we make our records of legal services expenditure for the previous financial year publicly available by 30 October.

For 2018–19 our legal expenditure was:

- ▶ \$6,239,452.20 for total external legal services expenditure
- ▶ \$1,469,904.00 for total internal legal services expenditure

External scrutiny

Decisions of courts and tribunals

The department was involved in some matters before Australian courts and tribunals during the year. These related to issues such as motor vehicle imports and disputes with airport lessee companies regarding payments under their leases with the Commonwealth. Some matters were ongoing at 30 June 2019.

Decisions by the Office of the Australian Information Commissioner

The Office of the Australian Information Commissioner reviewed one freedom of information decision during the year. Four reviews were finalised, one was closed and one transferred to another agency. One review remains on hand.

Australian National Audit Office and parliamentary scrutiny

The Australian National Audit Office, parliamentary committees and other public bodies release reports relating to the department's work.

The department responded formally to these reports which are available at <www.anao.gov.au/Publications/Audit-Reports>.

Details on the reports of parliamentary committee inquiries are available at <www.aph.gov.au>.

The Australian Government tables its responses to parliamentary inquiries and other reports in Parliament.

Table 3.1 Australian National Audit Office, parliamentary committees and Commonwealth Ombudsman reports relating to the department tabled in Parliament during 2018–19

Inquiry type	Title	Tabled
Australian National Audit Office		
Department specific	Design, implementation and monitoring of reforms to services on Norfolk Island	31 May 2019
Department specific	Award of Funding under the Community Development Grants Program	22 August 2018
Parliamentary committees		
Rural and Regional Affairs and Transport References (Senate)	Current and future regulatory requirements that impact on the safe commercial and recreational use of Remotely Piloted Aircraft Systems (RPAS), Unmanned Aerial Systems (UAS) and associated systems	31 July 2018
Infrastructure, Transport and Cities (House, Standing)	Building Up & Moving Out	17 September 2018
Rural and Regional Affairs and Transport References (Senate)	Need for regulation of mobility scooters, also known as motorised wheelchairs	20 September 2018
National Capital and External Territories (Joint, Standing)	Commonwealth approvals for ACT light rail	22 October 2018
Committee on Electric Vehicles (Senate Select)	Report	30 January 2019
Infrastructure, Transport and Cities (House, Standing)	Innovating Transport across Australia: Inquiry into automated mass transit	2 April 2019
Rural and Regional Affairs and Transport References (Senate)	Operation, regulation and funding of air route service delivery to rural, regional and remote communities	7 June 2019
Commonwealth Ombudsman		
Nil	Nil	Nil

As well as attending parliamentary inquiries, the department also attended Senate Estimates Committee hearings to respond to questions on our activities.

Table 3.2 Summary of parliamentary questions on notice received in 2018–19

Source of questions	Number
House of Representatives	36
Senate	0
Senate Estimates Committee hearings	237
Total	273



Management of human resources

The department's management of human resources is led by the People and Performance Branch. Its primary objective is to provide a range of services that assist the department in attracting and retaining the right people in the right roles at the right time. These services range from delivery of operational activities through to development and implementation of strategic people initiatives that support our workforce in achieving our vision ('Great Cities. Strong Regions. Connecting Australians' presented in Part 1, on pages 8–11) which was launched in April.

In addition to the launch of the vision, activities supporting our workforce development included:

- ▶ Piloting new workforce risk mitigation plans to highlight and address critical workforce risks over a six to 12 month period. These will be implemented in the coming year
- ▶ A workshop with the senior leadership team to discuss and shape the role of the department's leaders in delivering our vision and the collective behaviours we aspire to



Uncle Wally Bell performing the Welcome to Country at the department's vision launch

Our management of human resources is also supported by the People and Culture Committee (outlined in Part 3, on page 35).

Inclusion and diversity

The department is building and sustaining a culture of inclusion and diversity. These are supported by inclusion events to acknowledge milestones of inclusion and diversity significance, encourage staff to share their stories and to celebrate the diversity that people bring to the workplace.

The Reconciliation Action Plan Working Group is developing the department's new Innovate Reconciliation Action Plan. Its work during the year focused on:

- ▶ building and reflecting on the importance of authentic and respectful relationships
- ▶ strengthening our working partnerships and relationships with Aboriginal and Torres Strait Islander peoples, communities and businesses
- ▶ ensuring the department fosters a culturally safe working environment

Implementation of the Gender Equality Action Plan continued with a focus on supporting women:

- ▶ to develop leadership confidence and capability
- ▶ return to the workplace after maternity and carers leave

The department acknowledged and celebrated significant workforce diversity dates, including:

- ▶ the anniversary of the National Apology to the Stolen Generations
- ▶ International Women's Day
- ▶ Harmony Day
- ▶ Trans Day of Visibility
- ▶ International Day Against Homophobia, Biphobia and Transphobia
- ▶ National Sorry Day
- ▶ National Reconciliation Week
- ▶ National Aborigines and Islanders Day Observance Committee (NAIDOC) Week
- ▶ Wear it Purple Day
- ▶ Transgender Day of Remembrance
- ▶ International Day of People with Disability

The department also maintained its memberships of key diversity organisations including the Australian Network on Disability, the Diversity Council of Australia, and Pride in Diversity.

Recruitment and talent management programs

The department's approach to attracting, recruiting and retaining staff continues to evolve as we strive to become a public sector employer of choice.

The department also focused on achieving accessible career pathways for emerging talent. Seventeen new employees were welcomed as part of our Graduate Development Program, and undertook an intensive 11-month on-the-job program. This gave them access to tailored opportunities to build relevant public sector and departmental capabilities. It included:

- ▶ participating in three workplace rotations across a mix of policy, program and regulation based functions
- ▶ undertaking an industry tour research project based on current or emerging industry issues
- ▶ participating in the Australian Public Service Commission Graduate Learning and Development program

We also:

- ▶ supported 15 University Vacation Employment Program participants to work with the department over a period of up to 12 weeks, and to gain an insight into the workings of the Australian Public Service
- ▶ welcomed four new employees through the Department of Finance's Career Starter Program—a first for the department. Through this, young people who have completed a year 12 certificate or equivalent in the past 24 months can access a structured whole of government entry program to permanent employment in the Australian Public Service

The department welcomed



new faces as part of the
**Graduate Development
Program**

Employment relations

The department's current Enterprise Agreement nominally expired on March 2019. As an alternative to enterprise bargaining for a new agreement, the department implemented a determination under subsection 24(1) of the Public Service Act 1999 that provides non-SES staff a two per cent increase to base salary and allowances in March 2019, March 2020 and March 2021. The existing Enterprise Agreement continues to apply to non-SES staff past its nominal expiry date, ensuring terms and conditions of employment are preserved. This approach was supported by a majority of staff through a survey held in November 2018.

Attracting and retaining quality staff at middle management levels is critical to support our strategic objectives and deliver the government's priorities. A new executive level individual flexibility framework has been developed to support exceptionally high performance and to provide access to additional pay points for staff who meet defined eligibility criteria each year.

Learning and development

The department continued developing a high performing workplace culture by helping staff:

- undertake relevant, practical and contemporary learning
- build their skills and competencies in line with the department's vision and Workforce Capability Framework

In 2018–19 our workforce completed 67 instructor led workshops and had access to 75 online learning opportunities. This equated to 60 per cent delivered through formal classroom training and 40 per cent through online learning. About 90 per cent of the learning was developing the skills to help staff be:

- accountable (76 per cent)
- outcome driven (11 per cent)
- future focused (three per cent)

Key learning and development highlights in 2018–19 included:

- the department's new adaptive online learning platform, Percipio by Skillssoft, which is enabling staff to further develop their skills in real-time
- building data skills and literacy across all APS levels
- extending writing and communication skills through customised programs delivered to the department's diverse range of stakeholders
- building and fostering managerial and leadership skills through the department's Emerging Managers Program for APS 5 and 6 officers, and the Executive Level Mastery Program for EL1 officers
- developing professional policy skills through a bespoke learning suite tailored to the department's specialist policy capability requirements

During the year 108 new staff also participated in the department's induction program. About a third of these met with the Secretary as part of the program's formal classroom component.

Sixty one staff members also accessed the department's Study Assistance Scheme to build their professionalism, while another 57 staff accessed the department's professional coaching scheme to plan their career and continue career development.

Remuneration

The categories of officials covered by the disclosures include key management personnel and senior executives.

Remuneration policies, practices and governance arrangements

The Secretary's remuneration is determined by Remuneration Tribunal Determinations. All other SES staff are covered by Agency Determinations, which are determined by the Secretary under subsection 24(1) of the Public Service Act 1999.

The department's SES remuneration policy is designed to position the department competitively in the APS SES market while remaining consistent with the objectives of the Workplace Bargaining Policy 2018. The department monitors and evaluates the competitiveness of SES remuneration annually through the results of the APS Remuneration Report. Governance arrangements for SES remuneration includes an annual review by the Executive Board and movements in salary are determined by the Secretary based on employee performance during the annual review process.

Table 3.3 Name, position and length of term for key management personnel

Name	Position	Term as KMP
Dr Steven Kennedy PSM	Secretary	Full year
Ms Pip Spence PSM	Deputy Secretary	Full year
Mr Luke Yeaman	Deputy Secretary	Full year
Ms Judith Zielke PSM	Deputy Secretary	Part year – Until 18 November 2018
Dr Rachel Bacon	Deputy Secretary	Part year – From 19 November 2018

Table 3.4 Key management personnel remuneration for the reporting period

	\$
Short-term benefits	
Base Salary	1,677,715
Bonus	0
Other benefits and allowances	0
Total short-term benefits	1,677,715
Post employment benefits	
Superannuation	276,559
Total post-employment benefits	276,559
Other long-term benefits	
Long service leave	67,011
Other long-term benefits	0
Total other long-term benefits	67,011
Termination benefits	
Termination benefits	0
Total key management personnel remuneration	2,021,285

In accordance with the PGPA Rule, this information is further disaggregated as follows:

Table 3.5 Individual remuneration of key management personnel

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Super-annuation contributions	Long service leave	Other long-term benefits		
Dr Steven Kennedy PSM	Secretary	668,036	-	-	94,931	24,577	-	-	787,544
Ms Pip Spence PSM	Deputy Secretary	357,417	-	-	64,410	18,633	-	-	440,460
Mr Luke Yeaman	Deputy Secretary	361,688	-	-	59,439	9,185	-	-	430,312
Ms Judith Zielke PSM	Deputy Secretary	124,656	-	-	24,085	5,562	-	-	154,303
Dr Rachel Bacon	Deputy Secretary	165,918	-	-	33,694	9,054	-	-	208,666
Total		1,677,715	-	-	276,559	67,011	-	-	2,021,285

Table 3.6 Senior executive remuneration for the reporting period

Total remuneration bands	Number of senior executives	Short-term benefits			Post employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$0 – \$220,000	13	117,586	-	18	22,999	5,866	-	-	146,469
\$220,001 – \$245,000	9	190,952	-	419	33,156	10,004	-	-	234,531
\$245,001 – \$270,000	11	208,395	-	104	37,151	11,916	-	-	257,566
\$270,001 – \$295,000	9	233,242	-	128	43,639	7,465	-	-	284,474
\$295,001 – \$320,000	8	225,000	-	169	45,130	11,124	-	26,803	308,226
\$320,001 – \$345,000	0	-	-	-	-	-	-	-	-
\$345,001 – \$370,000	2	297,734	-	115	45,063	12,358	-	-	355,270

Notes: Remuneration is calculated on an accrual basis and excludes short term acting arrangements. Short term benefits includes the value of annual leave accrued during the financial year, rather than leave taken. Long term benefits reflects the value of long service leave accrued during the year, rather than any leave taken.

Remuneration for senior executives excludes employees classified as Key Management Personnel in Table 3.5.

Total remuneration for senior executives includes employees that occupied senior executive positions for part of the financial year.

Information about remuneration for other highly paid staff

The department has no other highly paid staff that meet the threshold for the reporting requirement.

Non-salary benefits

In addition to salary, the department provides a range of non-salary benefits including those targeting employee health and wellbeing, support for professional and personal development, access to flexible working arrangements, and a range of paid leave entitlements.

Performance bonuses

No performance bonuses were paid during the reporting period.

Disability reporting

Since 1994 non-corporate entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the National Disability Strategy. In 2007–08 reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at <www.apsc.gov.au>.

The National Disability Strategy 2010–2020 sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level bi-annual report tracks progress against each of the six strategy outcome areas and presents a picture of how people with disability are faring. The first of these progress reports was published in 2014. Reports are available at <www.dss.gov.au>.

Human resource statistics

Table 3.7 Workforce location and profile, including holders of public office by classification

	APS 1–4 and equivalent		APS 5–6 and equivalent		EL1 and equivalent		EL2 and equivalent		SES/ Secretary and equivalent		Holder of Public Office		Total	
	17–18	18–19	17–18	18–19	17–18	18–19	17–18	18–19	17–18	18–19	17–18	18–19	17–18	18–19
Employees and public office holders														
ACT	82	75	308	338	266	309	122	141	44	52	3	3	825	918
NQWIA ACT*	-	-	-	-	-	-	-	1	-	1	-	-	-	2
NSW	1	1	10	7	2	4	1	1	-	-	-	-	14	13
Vic	-	-	2	3	1	1	-	-	-	-	-	-	3	4
Qld	-	-	3	3	2	2	-	-	-	-	-	-	5	5
SA	-	-	1	1	-	-	-	-	-	-	-	-	1	1
WA	1	1	5	5	5	6	1	2	-	-	-	-	12	14
Tas.	-	-	1	1	1	-	1	1	-	-	-	-	3	2
NT	-	-	1	1	-	-	-	-	-	-	-	-	1	1
Overseas	-	-	-	-	-	-	5	5	2	-	-	-	7	5
Indian Ocean Territories	1	-	-	-	-	-	1	-	-	1	-	-	2	1
Pacific Ocean Territories	-	1	1	1	1	2	-	2	-	-	-	-	2	6
Total	85	78	332	360	278	324	131	153	46	54	3	3	875	972

Note: Excludes inoperative employees on long term leave. Indian Ocean Territories reporting is departmental only and excludes employees under the employment authorities of Indian Ocean Territories Administration.

* The North Queensland Water Infrastructure Authority (NQWIA) was established on 1 March 2019. Two department employees were seconded to work with the authority.

Table 3.8 Workforce gender profile, including holders of public office

	Female		Male		Total	
	2017–18	2018–19	2017–18	2018–19	2017–18	2018–19
Holder of public office	2	2	1	1	3	3
Ongoing full-time	374 (5)	413 (11)	375 (9)	409 (11)	749 (14)	822 (22)
Ongoing part-time	83	100	18	17	101	117
Non-ongoing full-time	10	16	9	8	19	24
Non-ongoing part-time	2	3	1	3	3	6
Total	471 (5)	534 (11)	404 (9)	438 (11)	875 (14)	972 (22)

Note: Employees who identified as Aboriginal or Torres Strait Islander are shown in brackets. Excludes inoperative employees on long term leave and employees under the employment authorities of Indian Ocean Territories Administration.

Table 3.9 Salary ranges for departmental employees by classification

	30 June 2018 (\$)	30 June 2019 (\$)
APS 1	44,904–49,460	45,802–50,449
APS 2	50,855–56,142	51,872–57,265
Graduate	58,019–58,019	59,179–59,179
APS 3	58,019–62,648	59,179–63,901
APS 4	64,284–71,004	65,570–71,253
APS 5	71,768–82,662 ^a	73,203–84,215
APS 6	79,426–105,070 ^a	81,015–103,800
EL 1	102,020–134,067 ^a	104,060–136,220
EL 2	120,358–167,300 ^a	122,765–192,749
SES1	195,650–253,142	199,653–253,142
SES2	237,350–277,750	242,097–292,291
SES3	347,517–347,517	354,467–361,556
Secretary	The Secretary's remuneration is determined by the Prime Minister after taking into account the recommendations of the Remuneration Tribunal.	

a. Individual Flexibility Arrangements and salary maintenance have been reflected in the maximum salary figures for these classifications.

Table 3.10 Number of departmental employees by type of employment arrangement at 30 June 2019

	Individual determination under subsection 24(1) of the Public Service Act 1999	Enterprise agreement	Total employees
SES	54	0	54
Non-SES	0	915	915 (189)

Note: Employees with Individual Flexibility Arrangements are shown in brackets. Excludes inoperative employees and holders of public office.

Table 3.11 Employee recruitment, retention and separations in 2018–19

Recruitment	
Graduates recruited externally	17 (2)
Other external recruits	213
Total external recruits	230 (2)

Note: Employees who commenced in the Indigenous Australian Government Development Program are shown in brackets.

Retention	
Retention rate (%)	86.4%

Separations	
Transfers/promotions to another Australian Public Service entity	80
Resignations and retirements	57
Retrenchments	11
Other	4
Total separations	152

Note: Non-ongoing employees are excluded from recruitment numbers and retention and separation data.

Table 3.12 Workforce diversity at 30 June 2019

People from non-English speaking backgrounds	126
People with disability	35
Aboriginal or Torres Strait Islander peoples	22
All employees	1,007

Note: Includes ongoing and non-ongoing employees and inoperative employees on long term leave. Excludes holders of public office.
Information (except gender data sourced from payroll records) has been sourced from an equity and diversity report where individuals volunteer to provide diversity information to the department.

Table 3.13 Indian Ocean Territories by employment group

Employment group	30 June 2018	30 June 2019
Ongoing	74	72
Non-ongoing	34	37
Casual	45	49
Total	153	158

Note: Includes employees engaged under the employment authorities of Indian Ocean Territories Administration.

Assets management

The department manages \$44.5 million of non-financial assets, comprising leasehold improvements (\$15.8 million), computers, furniture and other equipment (\$12.3 million) and in-house developed and purchased software (\$10.4 million). The remaining non-financial assets relate to prepayments and leases. During the year the department upgraded its information technology infrastructure and made enhancements to internally developed software.

The department is responsible for administering \$0.8 billion in non-financial assets on behalf of the Australian Government (recognised in the Administered Schedule of Assets and Liabilities). These assets are mainly used to provide infrastructure and services to the external territories and the Jervis Bay Territory. The asset classes comprise land and buildings (\$243.9 million), infrastructure, plant and equipment (\$363.1 million), assets of heritage and cultural significance (\$120.0 million) and intangible assets (\$7.1 million). All administered assets were revalued during the 2018–19 financial year.

Major asset transactions during 2018–19 included:

- transfer of land from the Department of Defence in Western Sydney with a fair value of around \$18 million
- construction and upgrades to assets in the Indian Ocean Territories, Norfolk Island and Jervis Bay Territory, including the Norfolk Island barge project and port and communications infrastructure on Christmas Island at a cost of \$18.0 million
- revaluation of assets resulting in a net increase in value of \$52.6 million
- write-down of land incorporated into the Western Sydney and Melbourne Airport leases of \$7.0 million
- write-down of land in the Jervis Bay Territory of \$1.3 million granted to the Wreck Bay Aboriginal Community Council

We ensure effective management of these assets by:

- establishing annual capital budgets that require proposals for the acquisition or construction of assets to be approved by the executive
- considering IT and property related projects through the department's Finance and Operations Committee
- applying Accountable Authority Instructions on asset management issued by the Secretary
- maintaining departmental and administered asset registers supported by annual stocktake and impairment reviews to verify their accuracy
- engaging external expertise to help manage and maintain infrastructure assets used to provide services to external territories and the Jervis Bay Territory
- implementing heritage and conservation plans and arrangements to manage assets of heritage and cultural significance

CASE STUDY

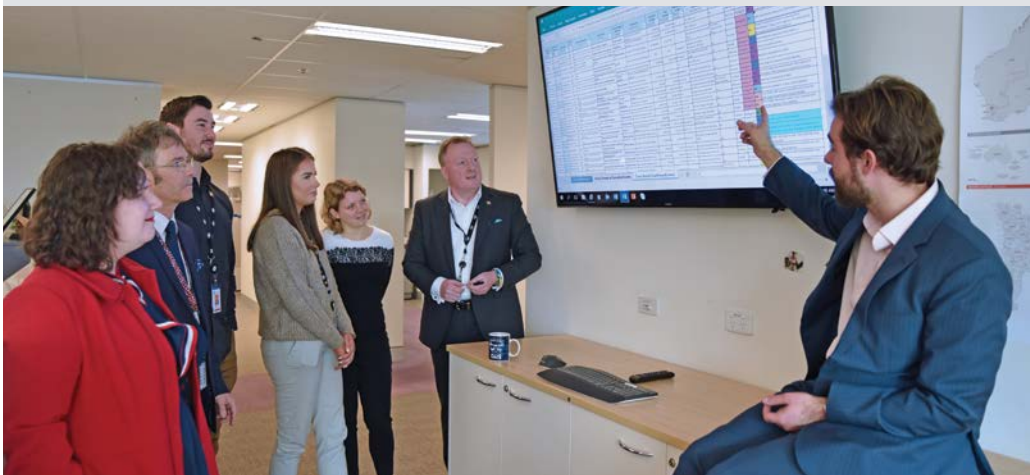
TEAM INNOVATION AND DYNAMIC WAYS OF WORKING

The department's vision highlights that we aspire to be dynamic. Innovation occurs at all levels, including looking for simple solutions in how we can do our work better.

The Events Section, within the Communications, Parliamentary Services and Governance Branch, provides comprehensive project milestone event briefings for seven ministers. In line with the government's growing investment in infrastructure, the number of infrastructure project milestones the team supports has grown exponentially. The team managed 354 events in 2017–18, which grew to 552 in 2018–19 with 1,186 milestone events forecast for 2019–20.

Our Events Section responded to this challenge by rethinking how they work and looking for fit for purpose solutions by designing a new digital events monitoring system to reduce manual work and processing. The team oversees a complex Excel database, containing over 1,000 potential infrastructure event opportunities. In response to the growing forecast of events, a shared digital environment was created, which is supported by a team digital screen that allows all team members to directly update event information to the shared workspace. By moving to an enhanced digital solution, the team has reduced time and errors through pre-populated data and the portfolio requirements of our ministers.

The digital events monitoring system is now an established part of the Events Section. This innovation delivered a simple digital solution that made it possible to manage an additional 200 event milestones announced by the government in 2018–19.



The Events Section receiving briefing on the digital events monitoring system





PART 4

Annual Performance Statements

PART 4

Annual Performance Statements

Statement

I, Dr Steven Kennedy PSM, the accountable authority for the Department of Infrastructure, Transport, Cities and Regional Development during the 2018–19 reporting period, present the 2018–19 performance statements of the department, as required under section 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

These statements report our performance in 2018–19, including results against the measures in our 2018–19 Corporate Plan and Portfolio Budget Statements, and broad analysis against our purposes.

In my opinion, these Annual Performance Statements are based on properly maintained records, accurately reflect performance results against departmental purposes and comply with sub-section 39(2) of the PGPA Act.



Dr Steven Kennedy PSM

29 August 2019

Analysis of performance against our purposes

In 2018–19 our purposes were to:

- support economic growth through transport
- make travel safer
- increase transport access
- support regional development, cities and local communities
- provide good governance in the territories

Over the last 12 months the department pursued these purposes by implementing eight Budget programs that deliver four outcomes on behalf of the Australian Government.

In 2018–19 the Australian Bureau of Statistics released the first ever Australian Transport Economic Account. This shows that in 2015–16 total transport activity contributed \$122.3 billion to the Australian economy, representing 7.4 per cent of GDP. Looking forward, this will be an important data source to assess performance against our purpose of supporting economic growth through transport. More detailed performance information relating to this purpose is provided through reporting on Outcomes 1 and 2 at pages 61–100 of the Annual Performance Statements.

The department is also working to improve data to measure our performance against our purposes of making travel safer and increasing transport access. Our performance results suggest aviation access has improved through air services arrangements and regional and remote airports, but data for 2018–19 is not yet available or conclusive for surface transport sectors. More detailed performance information on making travel safer and increasing transport access is presented through Outcomes 1 and 2 at pages 61–100.

During the year we delivered the government's regional development, local government and cities programs to support economic and employment growth in communities across Australia. The department met the 2018–19 targets for performance measures relating to employment and economic growth in our cities and regions. Information relating to the purpose of supporting regional development, local communities and cities is across Outcomes 1 and 3 at pages 61–71 and 101–121 respectively.

Through the services to territories program in 2018–19, the department made sure that people in the external territories and Jervis Bay Territory could access essential infrastructure and services, and that they were supported by an appropriate legal and governance framework. More detailed performance information relating to this purpose is at Outcome 4 at pages 122–127 of the Annual Performance Statements.

Addressing climate risk and resilience

Climate risk and resilience

The department contributes to the government's agenda to support climate resilience by working to address transport sector emissions. This includes:

- aviation emissions through the International Civil Aviation Organization
- maritime emissions through the International Maritime Organization
- exploring options to reduce road vehicle emissions, increase uptake of low and zero emission vehicles, and contributing to the government's hydrogen strategy

The department is partnering with other Commonwealth agencies to investigate the tools and information needed by both the public and private sector to assess climate and disaster risk, using the freight network as a pilot study. In 2018–19 the department engaged relevant freight industry and government stakeholders to participate in the pilot study, including two workshops on freight resilience.

The Cities Program also supports climate resilience through a range of initiatives including seven projects funded through:

- the Australian Government's Smart Cities and Suburbs Program
- a range of commitments in partnership with local, state and territory governments through City Deals

A key example is a joint Australian and Northern Territory government investment in a CSIRO Darwin Urban Living Lab. This will test, monitor and evaluate improvements in Darwin's liveability, sustainability and resilience to foster improved tropical living.

Sustainable Development Goals

The department contributes to achieving the United Nations Sustainable Development Goals (SDG) by helping to coordinate:

- SDG 9 – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- SDG 11 – Make cities and human settlements inclusive, safe, resilient and sustainable

The department also contributes to SDG 3, 13 and 14 through the programs listed below.

SDG	Department actions
Lead coordination	
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none">• \$100 billion, 10 year infrastructure plan [Infrastructure Investment Program]
SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable	<p>Ongoing initiatives including:</p> <ul style="list-style-type: none">• City Deals• \$50 million under the Smart Cities and Suburbs program• regional grants programs
Contribute to coordination	
SDG 3: Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none">• road safety initiatives (road safety programs)• Infrastructure Investment Program
SDG 13: Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none">• Aviation and maritime initiatives related to lower greenhouse gas emissions (air transport and surface transport programs)
SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none">• Support to reduce marine pollution through the International Maritime Organization (surface transport program)

Summary: 2018–19 performance statements

Table 4.1 provides a consolidated traffic light summary of the department’s results against each performance measure. More detailed performance results are provided for each measure by Outcome, as well as an analysis on how the department in achieving its purposes.

The department set targets against purpose-level measures above what we could achieve alone. This recognises the contributions of:

- other Australian Government departments and agencies
- state, territory and local government agencies
- industry

In line with our 2018–19 Corporate Plan, the Annual Performance Statements address how the department has managed program risks by analysing each purpose. Additional information about the department’s risk management and capability development during 2018–19 can be found in Part 3 of this report.

Traffic light summary key




The 2018–19 result met the target	met	
The performance information cannot be reported on at this time <i>(This may be due to data availability or performance information is being developed to improve performance, however our activities are contributing to progress against the target)</i>	not available	
The 2018–19 result did not meet the target	not met	

Table 4.1 Traffic-light summary of results

Measure	2018–19 result
Outcome 1	
Program 1.1 – Infrastructure Investment	
1. Volume of freight	●
2. Expected travel time savings arising from road projects in the infrastructure investment program receiving \$400 million or more in Australian Government funding	●
3. Community understanding of road funding issues	●
4. Number of road fatalities	●
5. Serious injuries due to road crashes	●
6. Number of rail fatalities	●
7. Expected number of jobs supported over the life of projects from infrastructure investment and regional development projects underway during the financial year (based on proponent reported data)	●
Outcome 2	
Program 2.2 – Surface Transport	
8. Volume of freight	●
9. Transport CO ₂ equivalent emissions	●
10. Number of road fatalities	●
11. Serious injuries due to road crashes	●
12. Number of rail fatalities	●
Number of maritime transport fatalities (excluding fatalities on non-trading vessels, for example, fishing and recreational)	●
Program 2.3 – Road Safety	
13. Number of road fatalities	●
14. Serious injuries due to road crashes	●
Program 2.4 – Air Transport	
15. Volume of freight	●
16. Transport CO ₂ equivalent emissions	●
17. Passenger movements, aviation sector	●
18. Number of aviation fatalities	●
19. Level of aviation capacity (passenger and freight) available to major city airports under Australia's air services arrangements	●
20. Level of aviation capacity (passenger and freight) available in international aviation markets under Australia's air services arrangements	●
21. Opportunities available to Australian airlines in international aviation markets	●
22. Number of remote communities that receive support from the department for aerodrome infrastructure projects and air services	●
Jobs supported by Western Sydney International (Nancy-Bird Walton) Airport	●

Measure	2018-19 result
Outcome 3	
Program 3.1 – Regional Development	
23. Number of employed persons outside capital cities	●
24. Real disposable income for low and middle income households outside capital cities	●
25. Expected number of jobs supported over the life of projects from infrastructure investment and regional development projects underway during the financial year (based on proponent reported data)	●
26. Increase in water available (ML) through water infrastructure projects funded	●
Program 3.2 – Local government	
27. Financial assistance provided to support equitable levels of service by local government bodies	●
Program 3.3 – Cities	
28. Enhanced coordination of investment in Australian cities	●
29. Employment growth in cities	●
30. GDPs for Australia's capital cities	●
Number of projects receiving funding through Smart Cities and Suburbs program	●
Outcome 4	
Program 4.1 – Services to territories	
31. Communities in the external territories and the Jervis Bay Territory have comparable services and essential infrastructure to mainland Australia	●
32. Legal and governance frameworks in the external territories and the Jervis Bay Territory are appropriate for the protection and wellbeing of the communities	●

Outcome 1

Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure.

The department contributes to Outcome 1 by effectively managing the government's infrastructure investment to deliver:

- road and rail commitments
- land transport sub-programs
- strategic advice on policy issues
- partnerships and collaboration with local jurisdictions, states and territory governments
- policy reform

During 2018–19 the department's divisions helped improve infrastructure across Australia by facilitating investment to support efficiency, access and safety of Australia's land transport infrastructure. This strengthens the Australian economy by:

- improving connectivity for communities and freight
- helping to create and deliver jobs
- improving living standards and building opportunities across Australia

Program 1.1 — Infrastructure Investment

The Infrastructure Investment Program supports economic growth, makes travel safer, increases transport access and supports regional development. It increases the efficiency, productivity, sustainability and safety of Australia's land transport infrastructure through programs and policies that meet our national freight challenge, and improve community connectivity and access.

In 2018–19 the Australian Government provided more than \$4.6 billion through the Infrastructure Investment Program. This is being invested in more than 900 major road and rail projects, and more than 24,000 smaller projects across Australia. Since 2013–14, 288 investment projects have been completed and more than 280 major transport projects are underway to improve efficiency, productivity and connectivity.

Key activities and achievements for 2018–19

Through the Infrastructure Investment Program the department:

- provided policy advice to support government investment decisions, including on potential projects and infrastructure delivery
- managed delivery of infrastructure projects and programs, including by working with state, territory and local governments
- worked with state, territory and local governments, and industry to reform land transport investment and charging arrangements

The department advised our ministers to support informed decision-making on implementation and future priorities for infrastructure investment. By providing policy advice and managing the Australian Government's infrastructure investment programs, the department is ensuring our transport systems are productive and able to respond to growing freight and commuter needs.

To support this, we continued to develop a robust evidence base which draws on our analysis of:

- transport network modelling
- Infrastructure Australia's Infrastructure Priority List
- state and territory government infrastructure planning strategies
- consultation with state and territory governments

Alternative funding and financing approaches were also explored to optimise the impact of public investment in infrastructure. This included working with the Infrastructure and Project Financing Agency to identify major projects for innovative funding and financing mechanisms. The department's relationships with portfolio bodies, state, territory and local government officials, and freight industry participants are key to improving the efficiency and productivity of Australia's transport systems.

Transport and Infrastructure Council

The Transport and Infrastructure Council brings together:

- Commonwealth, state and territory transport and infrastructure ministers
- the Australian Local Government Association

The council met twice in 2018–19 to progress longer-term reforms, support sustainable transport funding and improve transport access, safety and productivity. The department supports delivery of activities under the council's strategic work program. In 2018–19 the department led work on a number of council priorities including:

- managing transport and heavy vehicle road reform (see more below)
- implementing initiatives under the National Road Safety Strategy, and the National Policy Framework for Land Transport Technology (see Outcome 2)
- establishing a National Freight and Supply Chain Strategy and Action Plan (see Outcome 2)

The council also oversees an asset register to help improve road investment through nationally consistent data that informs life cycle asset management. Data on the standard of our roads (including condition and usage) helps the department drive reforms that will foster an efficient, sustainable, competitive, safe and secure transport system. This data is shared among road managers as well as with the public.

Heavy vehicle road reform





Heavy vehicle road reform is being progressed by governments through the Transport and Infrastructure Council. This work is creating stronger links between road usage, road-related charges, and services for road users. Reforming heavy vehicle charging and investment arrangements will enable road managers to deliver the level of services needed to meet the growing national freight task and improve roads for industry.


Over 2018–19 the department worked with states and territories to:

- secure agreement that the council consider detailed advice in 2019 to support decisions on reform measures
- develop national service level standards for roads
- progress planning for the first two stages of the National Heavy Vehicle Charging Pilot and conduct a business case program trial
- publish updates to the heavy vehicle asset registers and expenditure plans to improve transparency, investment and service delivery for heavy vehicles



Performance results

Measure		
1. Volume of freight		
Target	10-year average to 2016–17 is >603.1btkm	Trend
Previous result	Australian freight volumes have continued to grow with a 10 year average to 2015–16 of 603 billion tonne kilometres (btkm), up 4.5% compared to the previous 10 year rolling average	Coastal: 
2018–19 result	The total Australian freight task is not available for 2016–17 due to incomplete rail freight data. For other modes: <ul style="list-style-type: none">The 10 year average coastal trading freight task declined from 111.7 billion tonne kilometres (btkm) to 109.7 btkmThe 10 year average road freight task increased from 194.3 btkm to 198.6 btkmThe 10 year average air freight task declined from 0.322 btkm to 0.317 btkm. The rail freight task in 2016–17 would need to be above 175.9 btkm for the total freight task indicator to be met. This is likely given the 2015–16 rail freight task was 413.5 btkm and there has been a continued increase in the rail freight task over the last 10 years	Road: 
		Air: 
		Rail (nine years): 
2. Expected travel time savings arising from road projects in the infrastructure investment program receiving \$400 million or more in Australian Government funding		
Target	Reduced travel times	
Previous result	The department relies on project proponents' advice regarding travel time savings. The department expects reduced travel times to be achieved on projects where travel time savings are identified as an expected benefit of a project, and this is reported to the department—see project described in the analysis below and the activities section of this report for examples of travel time savings	
2018–19 result	The department relies on project proponents' advice regarding travel time savings. The department expects reduced travel times to be achieved on projects where travel time savings are identified as an expected benefit of a project, and this is reported to the department—see project described in the analysis below and the activities section for examples of travel time savings	
3. Community understanding of road funding issues		
Target	Increased proportion compared to previous financial year	
Previous result	Not measured in 2017–18	
2018–19 result	No data available. The department has undertaken research across state and territory government agencies, the transport sector, industry bodies, academics and thought-leaders to help influence community understanding of how Australian roads are funded	

Measure		
4. Number of road fatalities		
Target	1,053 or fewer fatalities	Trend
Previous result	<p>In 2017–18 there were 1,222 fatalities: a 14.3% reduction relative to the 2008–10 baseline, which suggests we are not yet on track to achieve the target</p> <p>To be on track to achieve the National Road Safety Strategy target, the reduction in fatalities relative to the baseline should be closer to 25%</p>	
2018–19 result	In 2018–19 there were 1,214 fatalities: a 15% reduction relative to the 2008–10 baseline. This suggests we are not yet on track to achieve the 30% reduction target	
5. Serious injuries due to road crashes		
Target	On track to have source data and establish a baseline by 2019–20	
Previous result	The department is partnering with AustRoads and state and territory governments to establish nationally consistent source data on serious road crashes injuries by 2019–20. We are on track to collect and report this data in 2019–20. This will enable us to establish a baseline to monitor progress and inform targets over time	
2018–19 result	On track to establish a baseline	
6. Number of rail fatalities		
Target	Rail fatalities reduce, relative to 2017–18 baseline	
Previous result	In 2016–17 there were six fatalities reported by the Office of the National Rail Safety Regulator (excluding suicide and trespass. Data on a 10 year period is not currently available, and as such an assessment against the target set for this measure in 2016–17 cannot be made	
2018–19 result	In 2017–18 there were nine fatalities reported by the Office of the National Rail Safety Regulator (excluding suicide and trespass). Data on a 10 year period is not currently available and as such an assessment against the target set for this measure cannot be made	
7. Expected number of jobs supported over the life of projects from infrastructure investment and regional development projects underway during the financial year (based on proponent reported data)		
Target	No target set	
Previous result	By delivering Australian Government funded projects, the department supported both direct and indirect jobs—see case study included in the analysis below	
2018–19 result	By delivering Australian Government funded projects, the department continues to support both direct and indirect jobs, however specific data for 2018–19 is unavailable for this measure	

Analysis

Australia's economic prosperity depends on a strong land transport network that safely and reliably connects people and businesses. Infrastructure investment helps national, regional economic and social development by providing funding to improve the performance of land transport infrastructure. Transport infrastructure connects people to jobs, their homes and their communities. Businesses rely on transport infrastructure to connect to domestic and global export markets and the efficient movement of people and products grows our economy and improves the liveability of our cities and regions.

Volume of freight

Efficient transport networks are crucial to unlocking the productivity gains that will underpin Australia's future prosperity. The volume of freight is influenced by several factors, including overall economic conditions, industry structure and state government policies. Historically, Australia's freight task and volume of container traffic has increased proportionally to the overall growth rate of the economy.

The government's infrastructure investment plan underpins the freight system and its productive capacity. The government invests in rail and road infrastructure and intermodal facilities to reduce transport costs and travel times, and to remove barriers to efficient freight. This includes working with other agencies—including industry, state and territory governments and the national transport regulators to improve freight efficiencies.

An analysis of 90 major projects under the Infrastructure Investment Program found that in just one year these projects contributed 55 million freight hour savings. For example, the Port Botany Rail Line Duplication will deliver higher productivity by increasing its capacity to meet future demand for container transport to and from Port Botany. The duplication is projected to increase the available freight train paths between Botany and the Moorebank intermodal precinct by 50 per cent (from 17.5 per cent in 2016 to 42 per cent beyond 2030), and from 24 to 36 trains a day each way.

These changes mean more freight can be transported to and from the port by rail rather than road, freeing up road capacity, improving road safety and reducing road congestion.

Under the Roads of Strategic Importance initiative, 26 significant freight corridors and specific projects around the country will receive upgrades. Targeting freight routes through this corridor:

- provides a more reliable road network
- improves access for higher capacity vehicles
- better connects regional communities
- facilitates more tourism opportunities

Once completed, these works will ensure that Australia's key freight roads efficiently connect our regions to ports, airports and other transport hubs.

In 2018–19 the department continued work with state and territory governments to plan, develop, fund and deliver infrastructure projects that result in travel time reductions. Travel time savings lower costs for business by reducing travel times, improving road services reliability, and reducing travel times for commuters and other road users. An analysis of 90 major infrastructure projects suggests that 225 million passenger hours—and 55 million freight and business hours—were saved as a result of these projects in just one year.

For example, the Northern Connector project as part of the North-South Corridor in Adelaide is expected to reduce travel times by up to eight minutes and enable vehicles to avoid six sets of traffic lights. When completed, this infrastructure will facilitate non-stop long distance trips from Gawler in the north to Old Noarlunga in the south. This will reduce travel times, create more efficient and reliable travel and allow commuters to spend more time with their families.

Community understanding of road funding issues

The department continued work during 2018–19 to help shape and inform messaging on road infrastructure funding. Communication and research activities undertaken between the department, state and territory government agencies, the transport sector, industry bodies, academics and thought-leaders (via television, print, social media and radio) helps people understand how Australian roads are funded.

The Building Our Future campaign ran between February and April 2019 to highlight the Australian Government's infrastructure investment. It provided information to the community on infrastructure projects in their region—either planned or underway—through communication materials and the website, which housed over 20,000 searchable projects.

Over 2018–19 the department engaged with heavy vehicle operators and the community through the National Heavy Vehicle Charging Pilot and the Business Case Program for Location-Specific Heavy Vehicle Charging Trials. Engagement with industry and all levels of government was conducted through market research projects, ongoing working groups, workshops, face to face meetings and online communication to help stakeholders understand road funding issues.

Road fatalities and serious injuries due to road crashes

The government's investment in road projects is saving lives. Analysis suggests that 2,230 fewer accidents occurred in a single year as a result of the Australian Government's investment in 90 major infrastructure projects. For example, since the start of the Pacific Highway upgrade, fatal crashes have more than halved—down from more than 40 each year to less than 20 a year. In 2018 there were nine fatalities in the calendar year. Future upgrades are expected to continue improving safety and further reduce the number of fatal and casualty crashes on the highway.

The Black Spot Program is reducing the risk of accidents by targeting locations where serious crashes have occurred. The program funds safety measures such as traffic signals, roundabouts, turning lanes, safety barriers and lighting at locations with a history of at least three casualty crashes in five years. Over 2,100 projects were approved between 2013 and 2019. It is estimated that these projects will save around 250 lives and prevent more than 12,500 injury crashes over 10 years.

The main cause of accidents on the Midland Highway in Tasmania is loss of control. Most are single vehicle accidents, with some resulting in fatalities. Sixty per cent of the highway's fatalities are head-on crashes. The Australian Government is investing \$400 million to improve safety on the highway and establish a minimum 3 Star AusRAP Safety Rating across the length of the corridor. This will be achieved by installing flexible barriers, widening shoulders, removing roadside hazards, upgrading intersections, realigning tight curves, and duplicating and providing additional overtaking lanes and rest areas.

The government commitment to reducing the number of deaths and serious injuries on our roads includes the strengthened safety arrangements for all road funded projects in the National Partnership Agreement on Land Transport Infrastructure Projects that commenced on 1 July 2019.

Number of rail fatalities

Rail is the safest mode of land transport in Australia. Australian Government investment in passenger and freight rail is an investment in strong safety outcomes.

In 2018–19 the government's investment in rail infrastructure included:

- implementing state and territory rail commitments from the 2018–19 Budget
- overseeing delivery of the Melbourne to Brisbane inland rail
- identifying opportunities to maximise the benefits of inland rail for industry and local communities during construction and operations
- overseeing the Melbourne Airport Rail Link preliminary business case
- progressing national rail policy reform to ensure efficient and effective investment and markets
- completing urban rail plans for Sydney, Melbourne, Brisbane, Perth and Adelaide

Supporting jobs over the life of infrastructure investment projects

The government's infrastructure investment supports direct and indirect jobs for Australians during the construction phase of these major projects, and over the longer-term. More than 50,000 jobs have been supported by infrastructure investment since 2013–14.

This investment is resulting in higher levels of participation for Indigenous suppliers and workers. The Great Northern Highway Upgrade—Maggie Creek to Wyndham in Western Australia, incorporated Indigenous employment of 50 per cent during the construction phase, exceeding the initial target of 45 per cent. Local Indigenous businesses were engaged to supply labour, traffic control, site preparation and accommodation. This created about 40 jobs in the east Kimberley.

The METRONET Stage One program is the single largest public transport investment in Perth's history. It will add significant additional capacity to the city's public transport network, including about 72 kilometres of new passenger rail and up to 18 new stations. METRONET will support Perth's projected population growth of 1.5 million by 2050 by providing around 17,000 full-time direct and indirect jobs during the stage one construction works.

From 1 July 2019 a new Indigenous employment and supplier-use infrastructure framework will apply to new road and rail construction projects receiving \$7.5 million or more in Australian Government contributions, and in some circumstances for projects below \$7.5 million with strong potential to support Indigenous participation.

CASE STUDY

20-YEAR PLAN FOR A FASTER RAIL NETWORK

The Australian Government is aligning future population growth with long term infrastructure investment through its 20-year rail plan to boost major regional centres and take the pressure off our largest capital cities.

The government's broader planning policy identified the need to better distribute population growth outside our largest capital cities. The 20-Year Faster Rail Plan was developed by the Inland Rail and Rail Policy Division to support this objective by creating a network of connected cities and encouraging population growth in key regional centres. The plan aims to:

- ▶ reduce congestion in our largest cities and improve access to jobs and services
- ▶ improve access to affordable housing
- ▶ deliver other lifestyle benefits and amenity in regional centres, enabling regional economic growth

The government is already investing \$20 million in three faster rail business cases for Sydney to Newcastle, Melbourne to Greater Shepparton, and Brisbane to the regions of Moreton Bay and the Sunshine Coast. This work has been led by the Inland Rail and Rail Policy Division.

Building on this first step, the 20-Year Faster Rail Plan will provide the change needed to deliver a network of cities connected by faster rail. This includes:

- ▶ a \$2 billion commitment to help deliver faster rail on the nationally significant Melbourne to Geelong commuter corridor

- ▶ building a pipeline of potential future projects by preparing business cases for faster rail in priority corridors including Sydney to Wollongong, Sydney to Parkes (via Bathurst and Orange), Melbourne to Traralgon, Melbourne to Albury-Wodonga and Brisbane to the Gold Coast

The Inland Rail and Rail Policy Division within the department helped establish the new National Faster Rail Agency. This is working with state and territory governments and private sector proponents to implement the 20-Year Faster Rail Plan. The agency is supported by an expert panel which will advise on and inform project identification and delivery, service requirements and operating standards.



Geelong Fast Rail announcement

CASE STUDY

INDIGENOUS EMPLOYMENT AND SUPPLIER-USE INFRASTRUCTURE FRAMEWORK

Indigenous job-seekers and businesses will have more opportunities to participate in government-funded land transport infrastructure projects through the Australian Government's Indigenous Infrastructure Framework introduced on 1 July 2019.

The initiative is underpinned by the National Partnership Agreement (NPA) on Land Transport Infrastructure Projects. State and territory governments receiving Commonwealth funding through the Infrastructure Investment Program will develop an Indigenous Participation Plan for each project. These plans must include:

- ▶ a participation target which reflects the local Indigenous working age population and comprises either—or both—an employment component and supplier-use component
- ▶ an outline for engagement with relevant Indigenous stakeholders, and supply-side support providers (skill and training organisations)
- ▶ a strategy for public reporting on performance to promote transparency and accountability

Indigenous Participation Plans and targets must be agreed with the Australian Government's Infrastructure Minister before funding can be approved and released.

The Indigenous Infrastructure Framework applies to new road and rail construction projects receiving \$7.5 million or more in Commonwealth funding, and some projects under \$7.5 million, where there is a high Indigenous population to support Indigenous participation. The framework applies to all projects under the Roads of Strategic Importance in Northern Australia.

The Department of Infrastructure, Transport, Cities and Regional Development devised the Indigenous Infrastructure Framework in consultation with:

- ▶ state and territory governments
- ▶ industry and Indigenous stakeholders
- ▶ the Prime Minister's Indigenous Advisory Council
- ▶ Indigenous representative bodies
- ▶ peak land councils
- ▶ employment intermediaries
- ▶ Indigenous businesses

The NPA and the Indigenous Infrastructure Framework are five year agreements commencing 1 July 2019 through to 30 June 2024.

CASE STUDY

INDIGENOUS PARTICIPATION IN CONSTRUCTION ALONG INLAND RAIL

In addition to the NPA enhancements, the Infrastructure Investment program supports Indigenous participation through the Inland Rail project. The 1700 kilometre corridor traversed by inland rail covers many diverse communities, but the project has been able to maintain a local or place-specific emphasis by separating into 13 different smaller projects.

Indigenous employment and supply chain development is a focus for each of these smaller projects. In 2018, stakeholder ministers made clear the Australian Government's expectations on Indigenous outcomes for the Parkes to Narromine section of the project—the first section to be constructed—and its commitment to advancing the Closing the Gap targets.

In June this year, INlink—the contractor for the Parkes to Narromine construction—reported that:

- ▶ 105 Indigenous people had worked on Inland Rail (about 17 per cent of the workforce)
- ▶ 61 of these workers were local—about 10 per cent of the total workforce—including six construction apprenticeships
- ▶ in total, about 15 per cent of local supplier contract commitments were with Indigenous businesses

The training, skills development, qualifications and supply chain capacity will add resilience to those local communities. As well as the rail line, it is this human capital development that will be inland rail's long-term legacy.

The department will use the learnings from this project to inform place-based

policy for future stages of the rail's construction.

It is also critical that the government engages with landowners and community members to mitigate individual impacts. Local information supports better design, reduces impacts and creates opportunities. To make this happen, department staff in Albury-Wodonga, Dubbo, Moree and Toowoomba are providing information on programs and initiatives to help communities and businesses make the most of the opportunity that inland rail presents, now, during construction, and in the future when it connects the regions to cities and ports.

The delivery of the Infrastructure Investment Program contributes to Outcome 1 through considered investment in projects that deliver productivity and safety outcomes in both regional and urban areas. The projects implemented as part of these programs provide economic growth through:

- ▶ more effective transport networks connecting goods to markets
- ▶ direct and indirect job creation

By working with states, territories and other stakeholders, the department is strengthening delivery of the Infrastructure Investment Program.

Outcome 2

An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations.

In 2018–19 the department's contribution to Outcome 2 was through three Budget programs:

- Surface Transport (Program 2.2)
- Road Safety (Program 2.3)
- Air Transport (Program 2.4)

The department contributes to this outcome by managing these programs to deliver:

- strategic advice on policy issues
- effective regulation and policy reform
- partnerships and collaboration with local jurisdictions, states and territory governments, international organisations and industry bodies
- effective administration of government investment

Program 2.2 — Surface Transport

Road, rail, maritime and air transport are critical to connect people with their jobs, communities and essential services. They're also crucial in connecting Australian communities and industry with their markets, both domestically and internationally. The department facilitates increased access and reduces the number and severity of safety incidents across all transport modes by managing the government's infrastructure investment, surface transport and air transport Budget programs.

The Surface Transport Program supports economic growth, makes travel safer and increases transport access. It does this by delivering programs, policies and regulation for efficient, sustainable, safer and better-connected road, rail and maritime sectors.

Key activities and achievements for 2018–19

Through the Surface Transport Program the department:

- progressed reforms to regulate importation and first provision of vehicles in Australia through the Road Vehicle Standards legislation
- supported the Transport and Infrastructure Council's strategic work program to sustain national transport reform momentum
- administered the Tasmanian Freight Equalisation Scheme, Bass Strait Passenger Vehicle Equalisation Scheme, Part X of the Competition and Consumer Act 2010 and the Shipping Reform (Tax Incentives) Act 2012
- developed options to improve sustainability of road and maritime transport, especially for noxious emissions and new technologies

- achieved better public transport access for people with disability by administering the Disability Standards for Accessible Public Transport 2002 under the Disability Discrimination Act 1992
- worked with national transport regulators to ensure regulation is fit for purpose and proportionate to the risks being managed, and that regulatory systems are continuously improved

Encouraging new transport technologies

In 2018–19 the department also worked with state and territory governments to encourage the trial and adoption of emerging transport technologies.

In October 2018, the government established the Office of Future Transport Technology. The office is responsible for leading and coordinating Australian Government work to prepare Australia for emerging transport technology. This includes leading policy development on automated vehicles and cooperative intelligent transport systems.

By collaborating with other Australian Government agencies on cross-portfolio issues, the office also aims to address challenges in cyber security, critical infrastructure resilience, consumer and competition issues, future workforce and skills needs. This is in addition to:

- working with states and territories to support the Transport and Infrastructure Council by implementing of the National Policy Framework for Land Transport Technology
- engaging with state and territory and international colleagues to ensure domestic and international approaches are consistent
- enabling industry innovation by identifying options to remove regulatory barriers where appropriate, and supporting research, trials, investment and commercialisation
- consulting with the community to understand expectations and communicate opportunities

Key activities undertaken in 2018–19 include:

- developing memorandum of understanding with the Michigan Government
- participating in domestic and international forums
- working closely with the National Transport Commission and states and territories on regulatory reform to support the safe deployment of automated vehicle technology

National freight and supply chain strategy

The Transport and Infrastructure Council committed to developing a national freight and supply chain strategy and action plan for consideration at its first meeting on 2 August 2019.

Work to progress this was undertaken throughout 2018–19 including:

- undertaking extensive consultations to build on the industry-led 2018 Inquiry into National Freight and Supply Chain Priorities
- hosting more than 127 meetings in 2017 and 2018, with 1,377 participants from industry, academia, regional development agencies and all tiers of government

We also commissioned a freight data requirements study from the iMOVE Cooperative Research Centre. The final report—released on 28 March 2019—identified the data needed for government and industry to improve decision making and planning, and to monitor performance—a high priority for industry.

The 2019–20 Budget announced funding to design new freight measures. These are intended to improve:

- heavy vehicle access to local roads
- availability and sharing of freight data
- investment to address pinch points in key freight corridors

The government's Delivering on Freight brochure released on 6 April 2019 showcased Commonwealth commitments to address industry's priorities.

National data collection and dissemination plan

The department led development of the National Infrastructure Data Collection and Dissemination Plan, which was released in June 2018.

The plan identifies priority projects to improve the way infrastructure data is collected, shared and used to guide decision making. These projects were progressed and expanded during 2018–19. An example is a Bureau of Infrastructure, Transport and Regional Economics (BITRE) project using GPS data shared by freight operators to better understand where congestion is affecting freight movements. This project has now progressed from a pilot to the regular collection of road freight telematics based vehicle movement data from select freight service providers.

Improved public transport access for people with a disability

Over the past year the department worked with the Attorney-General's Department and Australian Human Rights Commission to modernise the accessible public transport standards. As part of this, work also began to develop an equivalent access guide under the Disability Discrimination Act and Transport Standards. This will include feedback from consultations with government, industry and the disability sector before the standards are finalised and released in 2020.

Tasmanian shipping schemes

Bass Strait Passenger Vehicle Equalisation Scheme

The department administers the Bass Strait Passenger Vehicle Equalisation Scheme, which is an ongoing and demand driven program. It is designed to reduce the cost of sea travel between

mainland Australia and Tasmania by subsidising eligible passenger vehicles. The rebate for each crossing depends on the vehicle type. In 2018–19 rebates ranged from up to \$34 each way for a bicycle, and up to \$459 each way for a motor home or eligible passenger vehicle towing a caravan. Cars and buses pay up to \$229 each way.

Estimated expenditure for this program in 2018–19 was \$49.7 million. The actual cost was \$51.3 million. Expenditure varies depending on the number and type of vehicles being shipped.

Tasmanian Freight Equalisation Scheme

The department also administers the Tasmanian Freight Equalisation Scheme, which subsidises the cost of shipping eligible non-bulk goods by sea between:

- Tasmania and mainland Australia
- the main island of Tasmania and King Island
- the main island of Tasmania and the Furneaux Group

The scheme provides Tasmanian industries with an equal opportunity to compete, recognising that—unlike their mainland counterparts—Tasmanian shippers aren't able to transport goods interstate by road or rail.

In 2018–19, 15,238 claims were paid. Estimated expenditure for this program was \$172.6 million. The actual cost in 2018–19 was \$153.1 million. Expenditure depends on economic variations and the number of claims.

A regulatory framework for shipping that promotes access

The department supports the government to maintain an effective regulatory framework for shipping, including coastal freight, Tasmanian transport schemes and international liner cargo to ensure a maritime transport system that is accessible for Australian business.

In 2018–19 the department regulated international liner cargo shipping travelling to and from Australia under Part X of the Competition and Consumer Act 2010. Our regulatory activities include registration of conference agreements and ensuring exporters and importers have continued access to liner cargo shipping services that are regular, and at freight rates that are internationally competitive.

Tax incentives scheme

The Stronger Shipping for a Stronger Economy reforms commenced on 1 July 2012 and include the Shipping Reform (Tax Incentives) Act 2012. This provides a mechanism for shipping operators to gain access to a range of tax concessions including an income tax exemption, a refundable tax offset and accelerated depreciation. This encourages ship ownership and ship operations in Australia as well as employment and skilling for Australian seafarers.

Under the Act, certificates are granted at the end of a financial year to applicants who meet the scheme's requirements. For companies applying for these concessions for the first time, the scheme provides an opportunity to obtain a 'notice' during the first year of entry. This means applicants can be sure that the arrangements they propose will meet the requirements of the Act, which reduces pressure on them when compiling their tax returns.

International engagement

International Maritime Organization

Work continued during the year to develop Australia's international maritime safety and transport policy agenda, including with the International Maritime Organization (IMO). Our engagement reinforced the positive relations that Australia enjoys as an IMO participant.

We worked with international agencies and consulted industry stakeholders on IMO issues related to maritime safety and environment, trade facilitation and international maritime law. In 2018–19 a key focus was the Maritime Environment Committee and the IMO Facilitation Committee, where the department led Australia's engagement on the 'single window' concept, and on implementing the Convention on Facilitation of International Maritime Traffic (FAL Convention).

Contribution

The department administered \$321,000 as Australia's contribution to the IMO in 2018–19. This is to help support an internationally efficient and safe maritime sector. Estimated expenditure for the Australian Government's contribution was \$344,000. A variance of \$23,000 was due to a slight decrease in Australia's forecast tonnage contributions for 2019.

Protection of the Sea (Oil Pollution Compensation Funds) Act 1993

The International Oil Pollution Compensation (IOPC) Funds is administered by the IMO and provides financial compensation for damage resulting from spills of persistent oil from tankers.

The department oversees receipts for payments made to the IOPC Funds by Australian importing oil companies. A total of five Australian companies contributed to the fund in 2018. The department administered payments of \$303,000 from Australian oil companies for the scheme.

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

The department administered an annual contribution of \$50,000 to the OECD during the year. This supports transport research activities undertaken by the International Transport Forum (ITF). ITF membership means Australia can influence the forum's forward research work program and promote successful Australian transport policy initiatives. International comparative analysis is also made simpler with access to the ITF's transport research databases.

The OECD assesses contribution levels for all member countries based on an annual formula. Australia's contribution for 2018–19 was \$50,000—below the budget estimate of \$73,000.

Engagement with United Nations transport bodies







The department represented Australia at a number of United Nations transport bodies in 2018–19. This included—for the first time—the Global Forum for Road Traffic Safety (WP.1) which encompasses issues including automated vehicles, driver licensing and registration. The department also represented Australia at the UN Sub-Committee of Experts on the Transport of Dangerous Goods.

World Forum for the Harmonization of Vehicle Regulations (WP.29)

The department represented Australia as a member at WP.29 and as a contracting party to two multilateral treaties on development of road vehicle standards, the 1958 and 1998 Agreements. Consistent with the government's policy to harmonise Australia's national vehicle standards (the Australian Design Rules) with international standards, a number of new and amended regulations were adopted by the forum and translated into the Australian Design Rules. This included recognition of overseas vehicle approvals through International Whole Vehicle Type Approval arrangements.



Performance results

Measure		
8. Volume of freight		
Target	10 year average to 2016–17 is >603.1btkm	Trend
Previous result	Australian freight volumes have continued to grow with a 10 year average to 2015–16 of 603 billion tonne kilometres (btkm), up 4.5% compared to the previous 10 year rolling average	Coastal: 
2018–19 result	<p>The total Australian freight task is not available for 2016–17 due to incomplete rail freight data. For other modes:</p> <ul style="list-style-type: none">the 10 year average coastal trading freight task declined from 111.7 billion tonne kilometres (btkm) to 109.7 btkmthe 10 year average road freight task increased from 194.3 btkm to 198.6 btkmthe 10 year average air freight task declined from 0.322 btkm to 0.317 btkm <p>The rail freight task in 2016–17 would need to be above 175.9 btkm for the total freight task indicator to be met. This is likely given the 2015–16 rail freight task was 413.5 btkm and there has been a continued increase in the rail freight task over the last 10 years</p>	Road:  Air:  Rail (nine years): 
9. Transport CO ₂ equivalent emissions		
Target	10-year average to 2017–18 is <91,012 gigagrams (10-year average to 2015–16)	Trend
Previous result	10 year average to 2016–17 was 91,487 gigagrams of CO ₂ equivalent	
2018–19 result	Target not met. The 10 year average to 2017–18 was 92,800 gigagrams of CO ₂ equivalent, up 1.4% compared to the previous 10 year rolling average	
10. Number of road fatalities		
Target	1,053 or fewer fatalities	Trend
Previous result	<p>In 2017–18 there were 1,222 fatalities: a 14.3% reduction relative to the 2008–10 baseline, which suggests we are not yet on track to achieve the target</p> <p>To be on track to achieve the National Road Safety Strategy target, the reduction in fatalities relative to the baseline should be closer to 25%</p>	
2018–19 result	In 2018–19 there were 1,214 fatalities: a 15% reduction relative to the 2008–10 baseline. This suggests we are not yet on track to achieve the 30% reduction target	
11. Serious injuries due to road crashes		
Target	On track to have source data and establish a baseline by 2019–20	
Previous result	The department is partnering with AustRoads and state and territory governments to establish nationally consistent source data on serious road crashes injuries by 2019–20. We are on track to collect and report this data in 2019–20. This will enable us to establish a baseline to monitor progress and inform targets over time	
2018–19 result	On track to establish a baseline	

Measure																				
12. Number of rail fatalities																				
Target	Rail fatalities reduce relative to 2017–18 baseline																			
Previous result	In 2017 there were six fatalities reported by the Office of the National Rail Safety Regulator (excluding suicide and trespass(c). Data on a 10 year period is not currently available, and as such an assessment against the target set for this measure in 2016–17 cannot be made																			
2018–19 result	In 2017–18 there were nine fatalities reported by the Office of the National Rail Safety Regulator (excluding suicide and trespass). Data on a 10 year period is not currently available and as such an assessment against the target set for this measure cannot be made																			
Number of maritime transport fatalities (excluding fatalities on non-trading vessels, for example fishing and recreational)																				
Target	Annual average from 2010 to 2017 is <4 fatalities	Trend																		
Previous result	<p>Data on maritime fatalities are only available for 2017, and the previous seven years (that is, from 2010). In 2017, 10 maritime fatalities were recorded</p> <p>Over the seven years to 2017, the average number of maritime fatalities was 5.3. This is an increase compared to the average of the previous seven-year period—2010 to 2016—which was 4.1 maritime fatalities</p> <p>Data on a 10 year period are not currently available, so an assessment against the target set for this measure in 2016–17 cannot be made</p>	<table><caption>Maritime Fatalities Trend (2010-2017)</caption><thead><tr><th>Year</th><th>Fatalities</th></tr></thead><tbody><tr><td>2010</td><td>4.1</td></tr><tr><td>2011</td><td>4.1</td></tr><tr><td>2012</td><td>4.1</td></tr><tr><td>2013</td><td>4.1</td></tr><tr><td>2014</td><td>4.1</td></tr><tr><td>2015</td><td>4.1</td></tr><tr><td>2016</td><td>4.1</td></tr><tr><td>2017</td><td>10.0</td></tr></tbody></table>	Year	Fatalities	2010	4.1	2011	4.1	2012	4.1	2013	4.1	2014	4.1	2015	4.1	2016	4.1	2017	10.0
Year	Fatalities																			
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2014	4.1																			
2015	4.1																			
2016	4.1																			
2017	10.0																			
2018–19 result	<p>Data on maritime fatalities are only available from 2010 to 2018 (nine years). In 2018, two maritime fatalities were recorded .Over the eight years to 2017, the average number of maritime fatalities was 4.5. This is an increase compared to the average of the previous eight-year period—2010 to 2017—which was 4.4 maritime fatalities. Data on a 10 year period are not currently available, so an assessment against the target set for this measure cannot be made</p>																			

Analysis

The department continued work during the year to reduce the social and economic impacts of safety incidents, and to improve the long-term sustainability of our freight, road and maritime systems. In doing so, we worked closely with state and territory government officials, regulators, industry and other stakeholders.

Volume of freight

The department worked with states, territories, other Commonwealth entities and industry to develop a draft strategy and action plan for consideration by governments in August 2019. There was broad support from industry and government on the key elements. The Australian Logistics Council's 2019 Forum in March affirmed strong industry support for the strategy and high levels of cooperation among all governments to deliver it.

CASE STUDY

OVERSIZE OVERMASS ARRANGEMENTS

A key issue identified through the National Freight and Supply Chain Inquiry was timely permit approvals for restricted-access heavy vehicles. Industry raised concerns that some operators had to wait months for permits allowing them to access the road network.

The Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP, announced on 29 June 2018 that the Australian Government would fund an independent review of oversize overmass (OSOM) vehicle access arrangements. Engineering firm WSP Australia undertook the review and was assisted by a three-member industry expert reference group.

On 9 November 2018 the Transport and Infrastructure Council released the review report. This made 38 recommendations covering a wide range of issues, which reflected the:

- ▶ complexity of OSOM vehicle access
- ▶ considerable stakeholder engagement that was undertaken (more than 60 separate entities participated in the report's preparation)

- ▶ need for a comprehensive suite of solutions to improve the system

On 6 April 2019 the Deputy Prime Minister announced that state and territory transport ministers had agreed that 12 of the review recommendations be implemented to deliver better access for OSOM vehicles. For example, in response to the review, the National Heavy Vehicle Regulator exempted eligible agricultural vehicles and combinations from certain mass and dimension requirements of the Heavy Vehicle National Law. This means farmers don't need access permits when moving vehicles from paddock to paddock at short notice, or in response to seasonal demands, and helps ensure agricultural vehicles can be moved while maintaining safety. The notice also harmonises standards across Australia, simplifying the system for users.



The NHVR Class 1 Agricultural Vehicle Notice will facilitate the movement of agricultural vehicles



The implementation of the OSOM review will benefit operators of OSOM vehicles

Transport CO₂ equivalent emissions

Greenhouse gas emissions from the transport sector continue to trend upwards. This is due to demand for transport services outpacing improvements in fuel efficiency. As a result, the 10-year average CO₂ target was not achieved. The department is working with stakeholders on options to improve road and maritime transport sustainability, including measures to adopt the latest fuel saving and emissions reducing technologies. During the year the department supported both the development of a National Electric Vehicle Strategy and the transport stream of the National Hydrogen Strategy. This will help support the transition to low and zero emission transport.



CASE STUDY

NATIONAL HYDROGEN STRATEGY

The Council of Australian Governments Energy Council established a working group and taskforce to develop the National Hydrogen Strategy. The work is being coordinated and championed through the Office of the Chief Scientist. It includes a transportation stream that is being led by the department and Transport for New South Wales. The strategy will extend to 2030 and focus on hydrogen as an export commodity, with domestic use supporting development of industry knowledge and skills which can also be exported.

Hydrogen fuel cell electric vehicles (FCEVs) have some advantages over battery electric vehicles, including range and payload. FCEVs also have an added benefit in that they remove particulates and reduce local air pollution. These vehicles

are not limited to road transport—the technology is also used in ferries and trains in Europe.

The taskforce will soon release a series of issue papers, including a hydrogen for transport paper. Submissions to these papers, continued consultation with industry, and additional research being undertaken by the department will inform the final strategy. BITRE is also undertaking a project to map potential hydrogen refuelling stations for the freight sector.

Supporting new vehicle technologies is important to decarbonise the transport sector. FCEVs have great potential to be part of the technology mix, and the National Hydrogen Strategy is supporting development of future local hydrogen industries, including in the transport sector.

Road and rail fatalities

Both the National Heavy Vehicle Regulator and the Office of the National Rail Safety Regulator continued work to harmonise Australia's rail safety and heavy vehicle safety regulations during the year. This complements the government's investment in road and rail to deliver greater safety (as outlined in Outcome 1). By implementing more nationally consistent regulatory frameworks, the regulators are making it easier for industry to comply, particularly those businesses undertaking cross border operations. The department worked with national rail and heavy vehicle regulators during the year to facilitate changes that will deliver productivity improvements. Examples include:

- our leadership of the Heavy Vehicle Strategy Group to support more effective compliance and enforcement, as well as permit granting arrangements
- work to promote the changes to heavy vehicle chain of responsibility laws
- support for the Office of the National Rail Safety Regulator

The department administered \$3.9 million to the National Heavy Vehicle Regulator in 2018–19 for its Heavy Vehicle Safety Initiative. This aims to improve safety outcomes for drivers and the communities they operate within. The initiative is a competitive, rounds-based program. The National Heavy Vehicle Regulator has invited submissions for funding each year since 2016–17. Round 3 of the program was implemented in 2018–19 and the Transport and Infrastructure Council agreed to fund 14 projects.

The Office of the National Rail Safety Regulator is responsible for regulatory oversight of rail safety in every Australian state and territory. In 2018–19 we worked with the regulator and state and territory governments to review fatigue risk management arrangements under the Rail Safety National Law and to progress legislative changes to drug and alcohol testing requirements.

Serious injuries due to road crashes

The National Road Safety Strategy (NRSS) 2011–2020 is a joint initiative of the Australian, state and territory governments and is based firmly on the Safe System approach. This involves a holistic view of the road transport system and the interactions among roads and roadsides, travel speeds, vehicles and road users. It:

- recognises human error
- requires the system to be more forgiving
- accepts that crashes are less likely, but when they do happen, the result is not death or serious injury

During the year BITRE continued to collect and publish data on road deaths and crashes. This data is used to:

- track progress against the NRSS fatality targets
- inform policy development
- ensure the community has access to information

The number of road crash deaths in Australia has declined over recent decades, from a high of 3,798 in 1970 to a low of 1,151 in 2014. Following stronger progress in the early years of the current NRSS, the number of deaths in 2018–19 represents only modest progress and it is now unlikely that the 30 per cent reduction target will be met.

In December 2018 the department established a Road Safety Taskforce to:

- review national road safety governance arrangements as recommended by the inquiry into the National Road Safety Strategy 2011–2020
- reinvigorate the road safety relationship between the Australian Government, states, territories and the Australian Local Government Association

In March and April 2019 the department helped develop a series of road safety proposals for the 2019–20 Budget. This resulted in new road safety measures for next financial year and includes establishing:

- an Office of Road Safety
- a road safety awareness and enablers fund
- a road safety innovation fund
- additional funding for heavy vehicle safety initiatives
- funding for a further two years of keys2drive
- funding for the Australian Road Research Board to help local governments better understand their road networks

Our achievements in 2018–19 demonstrate our ongoing commitment to deliver a safe road transport system and respond to slowing progress against the NRSS. The work completed during 2018–19 positions the department to lead development of the next road safety strategy and to achieve a vision of zero road deaths by 2050.

Maritime safety

The department worked with the Australian Maritime Safety Authority (AMSA) during the year to help implement new Commonwealth service delivery arrangements agreed through the Transport and Infrastructure Council. The arrangements will improve the safety of domestic commercial vessels and are due to come into force from 1 July 2018.

We also worked with states and the Northern Territory to finalise arrangements for a joint \$112 million funding package to help the industry transition to full cost recovery.

CASE STUDY

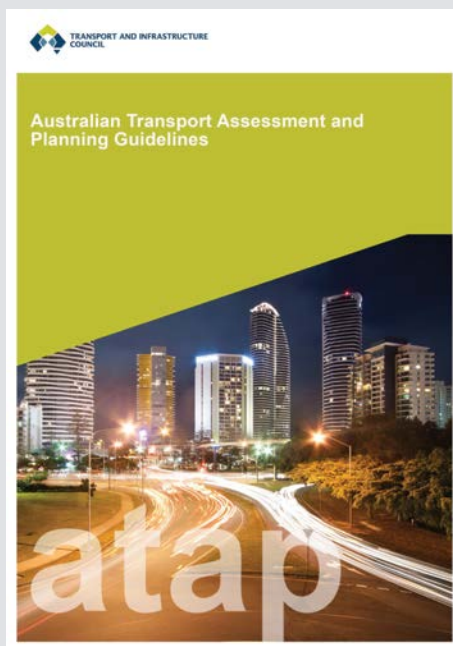
AUSTRALIAN TRANSPORT ASSESSMENT AND PLANNING GUIDELINES

The Australian Transport Assessment and Planning (ATAP) Guidelines provide a comprehensive framework for planning, assessing and developing transport systems and related initiatives. They are endorsed by all Australian jurisdictions through the Transport and Infrastructure Council and are published on the ATAP website (www.atap.gov.au). They are closely aligned with the Infrastructure Australia Assessment Framework.

The department supported development of the guidelines in its capacity as chair of the ATAP steering committee. This comprises expert representatives from each Australian jurisdiction, Austroads, Infrastructure Australia, and the New Zealand Government. It also provides the committee secretariat.

Guidance progressed during the year includes wider economic benefits and willingness to pay. Flood resilience initiatives, and an economic appraisal were also completed.

The guidelines are being used extensively. About 9,400 visitors accessed the website over 2018–19. About 20,000 page views were recorded each month.



Program 2.3 — Road Safety

The Road Safety Program contributes to our purpose of making travel safer. It does this by coordinating a national strategic approach to improving road safety and working to make vehicles safer for all road users.

Road safety is influenced by pressures on our freight, road passenger vehicle, rail and maritime transport systems. It is linked to Program 1.1 Infrastructure Investment, and Program 2.2 Surface Transport. Together these deliver:

- road safety outcomes
- a national strategic approach to improving road safety
- initiatives to make vehicles safer for all road users

Key activities and achievements for 2018–19

Through the Road Safety Program the department:

- implemented reforms to the Motor Vehicle Standards Act 1989 to reduce regulatory costs and provide a choice of vehicles that meet safety, environmental, energy saving and anti-theft expectations
- developed and implemented vehicle standards, and managed compliance and enforcement activities
- coordinated delivery of the National Road Safety Strategy 2011–2020 and National Road Safety Action Plan 2015–2017. This included developing a new National Road Safety Action Plan for 2018–2020 using road safety data and progressing reporting to inform and improve road safety
- improved road safety outcomes through government spending on infrastructure

Vehicle standards

Reforms to the Motor Vehicle Standards Act 1989

Under the Motor Vehicle Standards Act 1989, all vehicles—either newly manufactured in Australia or imported as new or used vehicles—are required to comply with the national vehicle standards (the Australian Design Rules (ADR)) or concessional requirements before they can be supplied to the market. This improves road safety for all road users.

On 27 November 2018 the Road Vehicle Standards package of Bills passed through Parliament and received Royal Assent on 10 December 2018.

The Road Vehicle Standards Rules 2019 were subsequently made by the Deputy Prime Minister on 13 February 2019. The reforms introduced in the legislation are expected to save businesses more than \$20 million a year in regulatory compliance costs. In 2018–19 the department established the Road Vehicle Standards Act (RVSA) Implementation Consultation Framework to facilitate Road Vehicle Standards legislation through a targeted consultation process. The department met with industry stakeholders and in-service regulations under the framework in August 2018, November 2018 and March 2019 to discuss, develop and resolve issues related to administering the legislation.

Standards development and implementation

The department continued developing and implementing the ADRs during the year, including to harmonise delivery of both safety and environmental outcomes to international approaches. Regulation that is based on internationally agreed standards provides consumers with access to the safest vehicles from the global market, at the lowest cost. It's important that Australia helps develop international vehicle standards and assesses them for implementation in Australia in-line with international timetables. Work is underway on vehicle safety actions under the National Road Safety Action Plan 2018–2020. This includes autonomous emergency braking for light and heavy vehicles as well as improvements to crash protection for cars and light commercial vehicles. Ten new ADRs were introduced during the year to align with the new international arrangements for approving vehicles that came into force in April 2019.

To implement the standards, the department issues approvals and licences for new vehicles. In 2018–19 this included 2,902 vehicle certification type approvals and amendments (with 625 being approvals for new vehicle models). We also issued 6,459 Registered Automotive Workshop Scheme (RAWS) import approvals and 6,286 RAWS used vehicle plate approvals. Further, 9,848 vehicle import applications were assessed under the concessional arrangements of the Motor Vehicle Standards Act 1989.

Compliance and enforcement activities

The department undertakes a risk-based program of activities to monitor, identify and address non-compliance and promote vehicle safety outcomes.

Our 2018–19 compliance and enforcement program was based on the published Compliance and Enforcement Strategy and our risk based approach. Implementation of the Road Vehicle Standards Act 2018 provided an increased focus on stakeholder engagement. As part of its implementation, a program of compliance and enforcement activities was delivered under the Act.

CASE STUDY

MAKING MOTORCYCLE TRAVEL SAFER

A small motorcycle supplier was prosecuted during the year for offences under the Motor Vehicle Standards Act 1989. The department administers the Act to regulate the design, manufacture, importation and first supply to the market of new road vehicles. Our role is to ensure an acceptable level of safety, theft protection and emissions, and to monitor activities so companies comply with their obligations.

In early 2016 the department was approached by state police and the Australian Border Force seeking information on the motorcycle supplier's imports. In June 2016 the department suspended all of the company's approvals—it was concerned about the company's quality control and record keeping practices, and its motorcycles didn't comply with the Australian Design Rules. These suspensions were lifted over the following two years after the company demonstrated:

- ▶ significant improvements in its practices

- ▶ willingness and capability to comply
- ▶ the announcement of recalls to rectify non-compliant motorcycles

The department's vehicle safety standards inspectors audited the company's premises and motorcycles in December 2017. Evidence was also provided by two state police forces which enabled the Commonwealth to charge the company with nine offences under the Motor Vehicle Standards Act, including failing to comply with conditions of a type approval and failing to comply with conditions of an import approval.

In March 2019 the company was convicted and the court applied a penalty of \$25,000. The application of enforcement responses—both the suspension of approvals and prosecution—helped protect the community and deter future non-compliance.

Insights from this case supports implementation of enhanced enforcement responses available under the new Road Vehicle Standards Act 2018.

Coordinating a national approach

As part of our work to support the National Road Safety Strategy, the department managed an Austroads project during the year to develop a national serious injury data series. The result is a baseline serious injury outcome series that is supporting longer term comparisons and evaluation. The department also led an internal road safety coordination group to ensure infrastructure investment, data, vehicle standards, heavy vehicle safety, work on autonomous and electric vehicles, and road safety policy aligns. An independent inquiry into the National Road Safety Strategy was completed in late 2018.

In 2018–19 a National Drug Driving Working Group was established by the department with police, government road authorities and key policy makers. The group's report *Australia's second generational approach to roadside drug testing* was released in October 2018. It reinforces Australia as a world leader in roadside drug testing to deter drug driving. The group meets twice a year to address the report's recommendations.


Australasian New Car Assessment Program (ANCAP)

The department administered \$1.3 million in funding for ANCAP during the year. This is an independent vehicle safety advocate that provides safety ratings out of five stars for new light vehicle models. This includes passenger vehicles, SUVs and light commercial vehicles entering the Australian market. The ratings are determined using defined criteria from the results of a range of assessments, including vehicle crash tests. ANCAP has made a valuable contribution to vehicle safety since its inception in 1993, and plays a significant role in encouraging consumers to buy safer vehicles. The Australian Government has provided \$11.1 million (GST exclusive) to ANCAP since May 2010. It will provide a further \$5.3 million over four years to 2022–23 (\$1.3 million a year) to continue its work.

Performance results

Measure

13. Number of road fatalities

Target	1,053 or fewer fatalities	Trend
Previous result	<p>In 2017–18 there were 1,222 fatalities: a 14.3% reduction relative to the 2008–2010 baseline, which suggests we are not yet on track to achieve the target.</p> <p>To be on track to achieve the National Road Safety Strategy target, the reduction in fatalities relative to the baseline should be closer to 25%</p>	
2018–19 result	<p>In 2018–19 there were 1,214 fatalities: a 15% reduction relative to the 2008–2010 baseline. This suggests we are not yet on track to achieve the 30% reduction target</p>	

14. Serious injuries due to road crashes

Target	On track to have source data and establish a baseline by 2019–20
Previous result	The department partnered with AustRoads and state and territory governments to establish nationally consistent source data on serious road crashes injuries by 2019–20. In 2017–18, we were on track to collect and report this data enabling us to establish a baseline to monitor progress and inform targets over time
2018–19 result	On track to establish a baseline

Analysis

Our aim is to ensure Australia has an efficient, sustainable, competitive, safe and secure transport system. The road safety program and associated measures are designed to contribute directly to a safe transport system.

The National Road Safety Strategy 2011–2020 is a joint initiative of the Australian, state and territory governments based on the Safe System approach. This involves a holistic view of the road transport system and the interactions among roads and roadsides, travel speeds, vehicles and road users. It recognises human error and requires the system to be more forgiving so that crashes are less likely, and—when they do happen—the result is not death or serious injury.

During the year BITRE continued to collect and publish data on road deaths and crashes that is used to track progress against the National Road Safety Strategy fatality targets, and to inform policy development and the community. The number of road crash deaths in Australia has declined over recent decades, from a high of 3,798 in 1970 to a low of 1,151 in 2014. Following stronger progress in the early years of the current National Road Safety Strategy, the number of deaths in 2018–19 represents only modest progress and it is now unlikely that the 30 per cent reduction target will be met.

In December 2018 the department established a road safety taskforce to review national road safety governance arrangements as recommended by the Inquiry into the National Road Safety Strategy 2011–2020. The taskforce strengthened the road safety relationship between the Australian Government, states, territories and the Australian Local Government Association by developing a draft implementation plan that will help address shared recommendations from the inquiry. This plan will form the basis of the next National Road Safety Strategy.

The 2019–20 Budget included a number of new road safety measures for next financial year, including:

- establishing an Office of Road Safety
- a road safety awareness and enablers fund
- a road safety innovation fund
- additional funding for heavy vehicle safety initiatives
- funding for a further two years for the Indian Ocean territories
- funding for the Australian Road Research Board to help local governments better understand their road networks, and ultimately, support safer roads for all Australians

Our activities in 2018–19 demonstrate the government's commitment to achieving a safe road transport system and responding to slowing progress against the National Road Safety Strategy. The work completed during 2018–19 positions us to develop the next road safety strategy and to achieve the vision of zero road deaths by 2050.

CASE STUDY

ROAD SAFETY TASKFORCE

The department establishes taskforces to address discrete, short term projects which need rapid policy development. In December 2018 the department established a taskforce to review national road safety governance arrangements and to reinvigorate the road safety relationship between the Australian Government, states, territories and the Australian Local Government Association. This was an initiative recommended by the Inquiry into the National Road Safety Strategy 2011–2020.

In the half year of its operation, the taskforce reviewed national road safety governance arrangements and drafted an implementation plan with recommendations for multiple levels of government. These will be considered by the Council of Australian Governments' Transport and Infrastructure Council in August 2019.

The taskforce facilitated a national discussion on road safety through a road safety strategy working group which

included representatives from transport agencies in each state and territory, and the Australian Local Government Association. It also established a Commonwealth level inter-departmental committee to canvass a cross portfolio approach to road safety.

The taskforce ended on 30 June 2019 but has set a pathway for the new Office of Road Safety.



Program 2.4 — Air Transport

The Air Transport Program makes travel safer by ensuring the aviation industry operates within a clear and robust safety, planning and environmental regulatory framework.

All Australians benefit from air transport programs that make travel safer by ensuring the aviation industry:

- ▶ operates within a clear and robust safety, planning and environmental regulatory framework
- ▶ supports economic growth by improving transport efficiency and sustainability
- ▶ connects people, communities, businesses and markets by improving transport access

By delivering on these purposes, the Air Transport Program contributes to the outcome of an efficient, sustainable, competitive and safe transport system for all transport users.

Key activities and achievements for 2018–19

Through the Air Transport Program the department:

- ▶ supported ongoing infrastructure investment at federally leased airports
- ▶ progressed the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- ▶ progressed key elements of the National Airport Safeguarding Framework
- ▶ reviewed and progressed future airspace protection arrangements
- ▶ provided policy advice to support aviation industry competitiveness, and aviation safety
- ▶ contributed to whole of government activities to redress per and poly-fluoroalkyl substances contamination, and managed legacy and containment at federally-leased airports
- ▶ provided advice and made a submission to the Productivity Commission's inquiry into the economic regulation of airports
- ▶ worked with Commonwealth and state government agencies on strategies for remotely piloted aircraft systems (drones)
- ▶ maintained legislative governance and reporting requirements for Australian Government aviation safety agencies
- ▶ managed regional and remote aviation access programs to support aerodrome infrastructure and air services to areas that are not commercially viable
- ▶ participated in international air services negotiations and aviation safety capacity building with Australia's near neighbours
- ▶ progressed the Western Sydney International (Nancy-Bird Walton) Airport project

Support for aviation infrastructure investment

The department continued work in 2018–19 to ensure airports met projected growth and operated within a clear and robust regulatory framework.

During the year we facilitated more than \$1 billion of on-airport infrastructure development across federally leased airports. This included aviation related infrastructure and a diverse range of non-aviation developments. We increased operations at federally leased airports in 2018–19 by facilitating masterplan approvals for Sydney and Melbourne airports, and finalising major development plan approvals for the following airports:

- Canberra (9 Molonglo and 25 Catalina Drive office developments)
- Gold Coast (hotel development)
- Melbourne (Taxiway Zulu)
- Perth (site 6 large format retail outlet – Costco)

We also participated in planning coordination forums with airports, state and local governments at all major capital city airports. This included:

- participating in community aviation consultation groups facilitated by 19 federally leased airports
- ensuring all airports complied with the airport insurance requirements of their lease
- ensuring airport sites complied with their environmental obligations in accordance with the Airport Environmental Regulations and the airport lease requirements
- ensuring there were no major breaches of the Airport (Building Control) Regulations 1996

Airspace protection arrangements

Protecting immediate airspace around airports is essential to ensuring and maintaining a safe operating environment and to providing for future growth. The department, working with other government and stakeholder aviation agencies, coordinated consideration and approval of controlled activities at and around federal airports.

For example a comprehensive airspace planning and design process for the Western Sydney International airport is being undertaken, with ongoing community consultation and a focus on minimising flights over residential areas. Designing and finalising flight paths is a big, complex task that takes years to complete. The airspace design will use international best-practice to optimise flight paths on the basis of safety, efficiency, capacity, noise and environmental conditions, while minimising changes to existing airspace arrangements in the Sydney basin.

The proposed flight paths will be available for public consultation as part of the environmental assessment expected to take place around 2021.

General Aviation

Throughout 2018–19 the General Aviation Advisory Network—an industry-led initiative that advises the Deputy Prime Minister on issues related to general aviation—progressed work on its plan for the sector. The network's priorities for the year were:

- ▶ articulating a long-term strategic outlook for general aviation in Australia
- ▶ considering stakeholder views on how air safety regulation can support general aviation, including through consistent and proportionally responsive administration
- ▶ enhancing general aviation industry capability through better workforce planning and access to airspace and infrastructure

National Airports Safeguarding Advisory Group

The National Airports Safeguarding Advisory Group (NASAG) includes representatives of:

- ▶ Australian, state and territory government planning and transport officials
- ▶ Department of Defence
- ▶ Civil Aviation Safety Authority (CASA)
- ▶ Airservices Australia
- ▶ Australian Local Government Association (ALGA)

The group developed the National Airports Safeguarding Framework as a national land use planning initiative to:

- ▶ minimise aircraft noise-sensitive developments near airports
- ▶ improve community amenity
- ▶ improve safety by ensuring aviation safety requirements are recognised in land use planning decisions. This includes guidelines on various safety-related issues to be adopted by jurisdictions

The department worked with NASAG during the year to help implement the agreed framework, including guidelines relating to strategically important helicopter landing sites (Guideline H) and public safety zone guidance for airports (Guideline I).

NASAG also supports the department reviewing implementation progress for the National Airports Safeguarding Framework with input from each jurisdiction, and key stakeholder and industry groups. The review is scheduled for completion before 30 June 2020.

Policy advice to enhance aviation safety and technology

The department provided policy advice on a range of safety-related issues during the year. This included:

- making a new Australian airspace policy statement to:
 - guide CASA on its administration and regulation of Australian-administered airspace
 - outline the government's airspace policy objectives
 - provide general guidance for other aviation agencies and industry (the new Australian Airspace Policy Statement commenced on 5 October 2018)
- establishing a Remotely Piloted Aircraft Systems inter-departmental meeting to bring together 20 government agencies and develop a whole of government strategy
- holding a roundtable discussion and desktop exercise with airlines, airports, police and other agencies to improve operational responses to the risk of drone incursions at airports
- working to ensure civil and military air traffic management harmonisation
- amending the Civil Aviation Act 1988 to ensure the CASA considers the impacts of costs and the relative environmental risk of the different aviation industry sectors in developing and communicating aviation safety standards
- overseeing the potential application of satellite based augmentation systems to aviation and other modes of transport

In 2018–19 the department worked with CASA on the passage of Civil Aviation Safety Regulations to modernise flight operations, and progressed new regulations relating to aviation firefighting and rescue operations.

Policy advice to enhance industry competitiveness

Informed and considered policy advice was provided to the Australian Government on:

- access to the Australian domestic and international aviation markets
- options to increase transport connectivity

Advice was also provided on ensuring the aviation sector has access to the skills and staff needed to ensure the industry is viable, competitive and safe. This advice informed the four year \$4 million Women in Aviation initiative to promote a more diverse and sustainable workforce, and to increase the Australian Government's combined FEE-HELP loan limit to meet the current cost of aviation training.

The department advised on a range of issues during the year that impacted regional aviation, as well as options and opportunities to further refine the government's policy approach when negotiating air service arrangements.

CASE STUDY

WOMEN IN AVIATION INITIATIVE

Demand for aviation skills is growing. According to Boeing, the Asia Pacific will need more than 253,000 additional pilots and over 256,000 aviation technicians alone by 2036.

Encouraging more women to pursue aviation as a career is an important part of meeting the demand for the next generation of aviation professionals. It will help ensure that Australia has access to the right skills to meet the region's growing demand. The large scale growth in the Asia-Pacific and global industry also presents opportunities for Australia's education and training sectors over the coming decades, as well as the broader aviation sector.

On 1 March 2019 the Deputy Prime Minister hosted a roundtable at the Avalon Airshow with key representatives from industry, education and training providers. The meeting explored ways to promote greater aviation sector diversity and equality by redressing the gender gap in industry careers. Participants discussed

a wide range of issues including barriers to women pursuing aviation careers, how industry is dealing with these and how the Australian Government can help to drive meaningful change in the industry.

The \$4 million Women in Aviation initiative was announced on 8 March 2019 to encourage more women pursue careers in the aviation sector and redress the severe gender imbalance. The initiative funds programs to engage women and will target school-aged students and their parents. The government will also continue working with industry to encourage greater involvement from women.

This initiative includes supporting and advancing outreach and other grass roots programs across the country to encourage young women working in the sector. Other events and actions will begin in the second half of 2019.



Attendees at the Women in Aviation Roundtable

International engagement

International Civil Aviation Organization—contribution

The department, and our aviation agencies, continued to play key leadership, coordination and participatory roles in the International Civil Aviation Organization (ICAO) as a Part One ICAO Council member and through engagement in committees, panels and study groups.

Key areas of focus for Australia in 2018–19 were aviation safety, air navigation, aviation environment, and aviation security and facilitation. The major ICAO international aviation safety and air navigation event in 2018–19 was the Air Navigation Conference held in Montreal, Canada in October 2018. Australia presented five, and co-sponsored another five, working papers with all 10 proposals supported at the conference and with nine directly taken up in the conference recommendations.

Australia's papers covered:

- prioritising ICAO resourcing in the Asia-Pacific
- supporting the recommendations of the Universal Safety Oversight Audit Program Taskforce
- harmonising System Wide Information Management
- the Global Aviation Safety Oversight System concept
- implementing a targeted risk assessment approach for ICAO Standards and Recommended Practices

The department administered \$2.3 million as the Australian Government's contribution to ICAO in 2018–19.

Driving growth in international airline activity






The department engaged with important markets throughout 2018–19 to drive growth in international airline activity. In December 2018 we participated in the ICAO Air Services Negotiations Conference (ICAN 2018) in Nairobi, Kenya. This included formal air services negotiations and informal discussions with 18 economies.

International aviation agreements

The department aims to ensure businesses and consumers have access to competitive international air services in line with market requirements. During the year work continued with Australia's bilateral partners to negotiate new—and liberalise existing—air services agreements.

In 2018–19 the department also settled new or updated air services arrangements with 13 countries. New arrangements were established with Guyana and Rwanda. Revised air services arrangements were settled with Ethiopia, Fiji, Jordan, Kazakhstan, Oman, the Philippines, Scandinavian countries (Denmark, Norway and Sweden), Sri Lanka and the United Kingdom. The arrangements will provide opportunities for both Australian and overseas airlines and improve air connectivity with these countries.

Performance results

Measure		
● 15. Volume of freight		
Target	10 year average to 2016–17 is >603.1 btkm	Trend
Previous result	Australian freight volumes have continued to grow with a 10 year average to 2015–16 of 603 billion tonne kilometres (btkm), up 4.5% compared to the previous 10 year rolling average	Coastal: 
2018–19 result	The total Australian freight task is not available for 2016–17 due to incomplete rail freight data. For other modes: <ul style="list-style-type: none">• The 10 year average coastal trading freight task declined from 111.7 billion tonne kilometres (btkm) to 109.7 btkm• The 10 year average road freight task increased from 194.3 btkm to 198.6 btkm• The 10 year average air freight task declined from 0.322 btkm to 0.317 btkm The rail freight task in 2016–17 would need to be above 175.9 btkm for the total freight task indicator to be met. This is likely given the 2015–16 rail freight task was 413.5 btkm and there has been a continued increase in the rail freight task over the last 10 years	Road: 
		Air: 
		Rail (nine years): 
● 16. Transport CO ₂ equivalent emissions		
Target	10-year average to 2017–18 is <91,487 gigagrams (10-year average to 2016–17)	Trend
Previous result	10 year average to 2016–17 was 91,487 gigagrams of CO ₂ equivalent	
2018–19 result	Target not met. The 10 year average to 2017–18 was 92,800 gigagrams of CO ₂ equivalent, up 1.4% compared to the previous 10 year rolling average	
● 17. Passenger movements, aviation sector		
Target	Increased 10 year rolling average	
Previous result	10 year average to 2017–18 was 88.0 million total passenger movements, up 3.4% 10 year average to 2017–18 was 56.2 million domestic passenger movements, up 2.1% 10 year average to 2017–18 was 31.8 million international passenger movements, up 5.8%	
2018–19 result	Data not yet available	

Measure		
18. Number of aviation fatalities		
Target	10 year average to 2017 is <33.6 fatalities	Trend
Previous result	The average number of aviation fatalities for the 10 years to end of 2017 was 33.6, which was a decrease compared to the 10 years to end of 2016	
2018–19 result	The average number of aviation fatalities for the 10 years to end of 2018 was 31.3, which was a 6.8% decrease compared to the 10 years to end of 2017	
19. Level of aviation capacity (passenger and freight) available to major city airports under Australia's air services arrangements		
Target	Increased compared to previous year	
Previous result	<p>By expanding commercial opportunities for airlines in new and existing markets, new and updated air services arrangements increase the level of capacity at major city airports and the level of available capacity in international aviation markets</p> <p>New and updated arrangements also increase opportunities for Australian airlines to serve the respective market, either using their own aircraft or through cooperative commercial arrangements with foreign airlines (for example, code share)</p> <p>In 2017–18 there were 107 air services arrangements in place, an increase compared to 2016–17 when there were 103 arrangements</p> <p>During 2017–18 eight existing arrangements were updated, four new arrangements were made, and two air services agreements were signed. Five of the updated/new arrangements resulted in increased aviation capacity for both Australian and foreign airlines at Sydney, Melbourne, Brisbane and Perth airports</p>	
2018–19 result	<p>By expanding commercial opportunities for airlines in new and existing markets, new and updated air services arrangements increase the level of capacity at major city airports and the level of available capacity in international aviation markets</p> <p>New and updated arrangements also increase opportunities for Australian airlines to serve the respective market, either using their own aircraft or through cooperative commercial arrangements with foreign airlines (for example, code share)</p> <p>During 2018–19, 11 existing arrangements were updated, two new arrangements were made, and one air services agreement was signed</p>	
20. Level of aviation capacity (passenger and freight) available in international aviation markets under Australia's air services arrangements		
Target	Increased compared to previous year	
Previous result	<p>By expanding commercial opportunities for airlines in new and existing markets, new and updated air services arrangements increase the level of capacity at major city airports and the level of available capacity in international aviation markets</p> <p>New and updated arrangements also increase opportunities for Australian airlines to serve the respective market, either using their own aircraft or through cooperative commercial arrangements with foreign airlines (for example, code share)</p> <p>In 2017–18 there were 107 air services arrangements in place, an increase compared to 2016–17 when there were 103 arrangements</p> <p>During 2017–18 eight existing arrangements were updated, four new arrangements were made, and two air services agreements were signed. Five of the updated/new arrangements resulted in increased aviation capacity for both Australian and foreign airlines at Sydney, Melbourne, Brisbane and Perth airports</p>	
2018–19 result	Target met. See result above at measure 19	

Measure	
● 21. Opportunities available to Australian airlines in international aviation markets	
Target	Increased compared to previous year
Previous result	<p>By expanding commercial opportunities for airlines in new and existing markets, new and updated air services arrangements increase the level of capacity at major city airports and the level of available capacity in international aviation markets</p> <p>New and updated arrangements also increase opportunities for Australian airlines to serve the respective market, either using their own aircraft or through cooperative commercial arrangements with foreign airlines (for example, code share)</p> <p>In 2017–18 there were 107 air services arrangements in place, an increase compared to 2016–17 when there were 103 arrangements</p> <p>During 2017–18 eight existing arrangements were updated, four new arrangements were made, and two air services agreements were signed. Five of the updated/new arrangements resulted in increased aviation capacity for both Australian and foreign airlines at Sydney, Melbourne, Brisbane and Perth airports</p>
2018–19 result	Target met. See result above at measure 19
● 22. Number of remote communities that receive support from the department for aerodrome infrastructure projects and air services	
Target	Maintained or increased compared to previous year
Previous result	In 2017–18 departmental activities guaranteed aviation services to 266 remote communities, maintaining service levels compared to 2016–17
2018–19 result	In 2018–19, departmental activities guaranteed aviation services to 266 remote communities, maintaining service levels compared to 2017–18
● Jobs supported by Western Sydney International (Nancy-Bird Walton) Airport	
Target	Main construction commencing
Previous result	<p>In 2017–18, WSA Co, a government-owned company, was established to develop and operate the Western Sydney Airport. WSA Co's project schedule shows construction will commence in the second half of the 2018 calendar year. WSA Co currently has about 45 employees and expects to grow to about 75 in total. WSA Co has also engaged a delivery partner and project manager (definition) that will engage around 120 staff. Western Sydney Airport will be a major jobs generator and WSA Co has committed to a package of local employment, diversity and learning workforce targets that will be publicly reported against from 2021</p>
2018–19 result	<p>Construction of the airport commenced on 24 September 2018 with early earthworks now underway, meeting the target</p> <p>The Western Sydney airport is set to open in 2026. Early earthworks are expected to be completed by the end of 2019. Main earthworks will begin once the site has been prepared—jobs data is expected to be available then</p>

Analysis

Australia's aviation sector provides an essential service by physically connecting people and businesses to one another and to the rest of the world. This includes by transporting high-value goods quickly to markets and bringing international visitors to the country. In supporting the sector to carry out this vital role, airports are linked intrinsically to the social and economic performance of our country, cities and regions.

Volume of freight

The department administers the regulatory and policy arrangements for aviation to ensure:

- the regulatory environment is appropriate
- it can provide opportunities to ensure commercial entities can maximise economic benefits

For example, the department is seeking liberalised provisions for cargo in Australia's international air services arrangements to provide network flexibility for airlines and associated commercial opportunities.

Transport CO₂ equivalent emissions

The major aviation contribution towards the portfolio's transport emissions measure in 2018–19 was implementing Australia's commitment to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). This included assessing the emissions monitoring plans of our three Australian international airlines covered by the scheme—the Qantas Group, the Virgin Group and Tasman Cargo Airlines. CORSIA is a global ICAO initiative to cap international aviation emissions at 2020 levels.

Passenger movements, aviation sector

The department seeks to promote economic growth through transport by administering an aviation environment that has appropriate regulations and airport infrastructure to facilitate commercial opportunities to enhance aviation passenger travel. Passenger movements have continued to increase within this framework both within Australia and to and from international destinations.

Number of aviation fatalities

A new Australian Airspace Policy Statement (AAPS) came into effect on 5 October 2018 and reflects a number of changes from the previous version. These include an additional principle under Clause 8 (Airspace Administration) requiring the consideration of cost implications for all airspace users; and inclusion under the government's policy objectives in the new AAPS of a clause concerning the operation of remotely piloted aircraft systems and very high altitude aircraft (Clause 36).

Level of aviation capacity (passenger and freight) available to major city airports under Australia's air services arrangements

In 2018–19 Australia updated or established four international air services arrangements with bilateral partners that increased the aviation capacity available at Australia's major city airports, both for Australian and foreign airlines. This provides increased opportunities for airlines to expand their network, potential for new routes and additional services for airports, and increased aviation connectivity for passengers.

Level of aviation capacity (passenger and freight) available in international aviation markets under Australia's air services arrangements

Australia increased aviation capacity in five international markets through bilateral air services negotiations. Stakeholder engagement and market analysis underpinned these talks, creating opportunities for stakeholders to access markets and harness economic benefits.

Opportunities available to Australian airlines in international aviation markets

During 2018–19, 11 of Australia's bilateral air services arrangements were updated and two new arrangements were established. The liberalisation of these arrangements included additional capacity for Australia and foreign airlines to perform own operated services, but also expanded commercial provisions—such as code share entitlements—to enable airlines to expand their virtual networks through aviation partnerships. These opportunities will provide more flexibility for travellers and increase patronage, as well as support trade and tourism.

Number of remote communities that receive support from the department for aerodrome infrastructure projects and air services

The government helps Australians living in remote areas by providing regular air services to 266 remote communities. These services include deliveries of fresh food, educational materials, medicines and other urgent supplies, as well as access for passengers. The department tenders the services and administers the contractual arrangements including service levels to communities.

Jobs supported by Western Sydney International (Nancy-Bird Walton) Airport

In 2018–19 the workforce contracted to or engaged by WSA Co Limited was about 361.

By June 2019, about 1 million cubic metres of soil had been moved as part of the earthworks that will help lay the foundations for the airport's construction. To support this progress, the department:

- administered the Airport Plan conditions, acted as proponent for the flight path design and managed biodiversity conservation through offsets
- fulfilled its regulatory and legal compliance responsibility for the airport plan and project deed, including assessing and approving modification processes, construction and environmental management plans, airport site layout approvals and baseline schedules
- provided strategic communication including a hotline, website, newsletters and information sessions to inform and educate stakeholders and the community
- provided shareholder oversight of and developed an effective relationship with WSA Co Limited, and collaborated on planning and developments such as road and rail connections

Outcome 3

Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance.

The department contributes to Outcome 3 by effectively managing the government's investment to deliver:

- strategic policy development and implementation
- administration of grants programs
- partnerships and collaboration with local jurisdictions, state and territory government and Regional Development Australia committees
- water infrastructure, cities, regional development and local government commitments

In 2018–19 this contribution was through three Budget programs:

- Regional Development (Program 3.1)
- Local Government (Program 3.2)
- Cities (Program 3.3)

Program 3.1 — Regional Development

Regional Australia is home to one third of Australians, and accounts for about 30 per cent of GDP. The Regional Development Program contributes economic growth and stronger regional communities with grants to create job opportunities across Australia. The department partners with all levels of government to deliver its commitments and administers investment to support regional diversity, growth and resilience.

Where possible, the number of jobs expected to be created is reported as a lag indicator for regional growth to highlight the program's contribution to increasing jobs, as well as low and middle income outside Australia's capital cities.

The government is investing more than \$3.7 billion over 10 years (2013–14 to 2022–23) in regional Australia through grants and funding programs. To ensure the investment is effective in its contribution to stronger regional communities, the department updated the program's performance criteria and targets for 2019–20 to assess the impact of regional investment on jobs and regional growth, as well as the effectiveness of partnerships with government and the private sector to deliver regional development outcomes. This will be demonstrated through new or revised regional programs monitoring and evaluation frameworks to be developed in 2019–20 and a rolling program of regional program evaluations.

In 2018–19 a significant number of regions across Australia were impacted by severe drought, which was followed by devastating floods in some areas. These weather events result in significant economic hardship for farmers and communities, and impact the national economy. For example, the fall in farm production due to drought is estimated to have detracted around 0.25 of a percentage point from real GDP growth in 2018–19. The Regional Development Program contributes to community resilience by investing in water and community infrastructure.

Key activities and achievements for 2018–19

Regional development policy aims to back local communities and capitalise on their distinct opportunities and strengths. We understand the importance of integrating regional views into policy development, and work closely with state, territory and local governments to support regions to realise their economic potential and respond to economic and social differences.

Key regional development policy achievements for 2018–19 included:

- adapting Regional Deals from the successful City Deal model. This has included delivering a program of community consultation and helping to design the Barkly Regional Deal launched in April 2019 (see case study)
- supporting the Strategic Regional Growth Expert Panel established by the Minister for Regional Development to follow up on key issues identified in the Regions at the Ready report. This included consulting with key stakeholders, and undertaking outreach activities in Queensland, South Australia and Western Australia
- delivering the government's decentralisation agenda to boost regional economies by providing public sector jobs throughout regional Australia. This has included 332 new and relocated jobs, bringing the total to 430 positions that were moved or established outside of Canberra, inner Sydney and inner Melbourne
- coordinating a meeting between the Deputy Prime Minister and the Business Advisory Group of the Joint Commonwealth and Tasmanian Economic Council
- hosting the Trailblazers program with the Australian Broadcasting Corporation and the Foundation for Rural and Regional Renewal
- contributing to the government's response to the Independent Review of Regional, Rural and Remote Education

Regional Ministerial Budget Statement

The Deputy Prime Minister and the Minister for Regional Development delivered the annual Regional Ministerial Budget Statement as part of the 2019–20 Budget. This outlines the Australian Government's investment in our regions across all portfolios. For example, Australian Government agencies are required to review and report on their regional staffing footprint annually in the Regional Ministerial Budget Statement.

The 2019–20 Budget included more than 600 initiatives, including more than 200 new measures focused on regional communities to create jobs and support regional economic growth.

Regional evidence base

A key focus for the department is building and maintaining a regional evidence base to track trends, issues and best practice regional development policy to build Australia's regions. This includes monitoring and analysing data from funded regional programs, and annual updates of the Progress in Australian Regions series to inform communities and influence regional policy decisions. The 2018 edition updated information from previous books and incorporated customised Australian Bureau of Statistics data previously not available to the public.

The government supports the Regional Australia Institute to deliver high quality research for policy makers. In the 2018–19 Budget the government committed \$1.2 million over three years for the institute to:

- partner with universities
- produce research on key regional policy issues
- communicate how this research can benefit communities

- bridge the gap between government, researchers and communities
- inform public debate on issues that affect regional Australia

Building Better Regions Fund

The Building Better Regions Fund (BBRF) helps communities take advantage of economic and regional development opportunities through partnerships with governments and other stakeholders. Local governments and incorporated not-for-profit organisations can apply. Successful projects from Round Two were announced in July 2018. A total of 245 applications (of the 839 that were received) shared grant funding of \$212.6 million.

Round Three opened for applications on 27 September and closed on 15 November 2018. A focus of this round was to improve tourism related infrastructure so more people can visit, enjoy and stay in regional Australia. Of 915 applications received, 330 were approved for \$204.3 million in funding. The successful projects were announced on 10 March 2019 by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development.

Projects included:

- \$10 million to Rockhampton Regional Council for a new Rockhampton art gallery
- \$9.5 million to Lightning Ridge Opal and Fossil Centre in New South Wales
- \$562,000 to Yarriambiack Shire Council for its new Trading off the Wimmera Mallee Tourist Trails in Warracknabeal, Victoria
- \$238,219 to Guide Dogs Victoria for its regional outreach network in Kew, Victoria

Almost 50,000 jobs will have been supported over three rounds of BBRF.

National Stronger Regions Fund

The department administers \$179.8 million through the National Stronger Regions Fund for infrastructure projects that deliver economic benefit and address disadvantage. Like the Building Better Regions Fund, National Stronger Regions operates as a competitive grants program. During 2018–19, 136 projects were completed and 83 were underway.

Activities are expected to support more than 10,000 jobs.

Regional Growth Fund

The Regional Growth Fund was established in 2017–18 and supports infrastructure projects that unlock economic opportunities across the regions. The fund provides grants of \$10 million or more for transformational projects that support long-term economic growth and create jobs, including in regions undergoing structural adjustment. State and territory governments, local governments, the private sector and not-for-profit organisations can apply for funding.

In 2018–19 the department supported a ministerial panel chaired by the Deputy Prime Minister to assess more than 300 applications. A total of 19 applicants were invited to submit a full business case for further consideration. The result was funding for 15 projects with a total value of \$249.2 million. Examples include:

- \$28.5 million to Rheinmetall Nioa Munitions Pty Ltd to build a projectile forging plant in Maryborough, Queensland
- \$25.0 million for Eurobodalla Shire Council to build a regional aquatic, arts and leisure precinct at Batemans Bay in New South Wales
- \$21.8 million for the Shire of Murray to construct the Peel Business Park and the Peel Agri-Innovation Precinct at Nambeelup in Western Australia

- \$12 million for Simplot Australia Pty Ltd to upgrade a potato processing facility in Ulverstone, Tasmania

884 ongoing jobs are expected to be generated from the 15 Regional Growth Fund projects.

Community Development Grants Program

The Community Development Grants Program supports regional and community infrastructure that promotes long-term improvements in the social and economic viability of local communities. Communities across Australia have benefited from funding ranging from \$2,000 to \$35 million for projects including men's sheds, medical centres, sporting and recreation infrastructure, aquatic centres and aged care facilities.

A total of 1,154 projects are being delivered with a value of \$2.5 billion. During 2018–19, 55 projects were completed and a further 119 commenced. In delivering the program, the department is supporting other commitments to deliver regional and community infrastructure.

Regional Jobs and Investment Package

The department administered the government's \$222.3 million Regional Jobs and Investment Package during the year, helping to diversify regional economies, stimulate economic growth and deliver sustainable employment. It includes 10 pilot regions in Australia that are experiencing economic slowdown, but that have untapped potential which could lead to new growth and economic diversity. The regions include Bowen Basin, Wide Bay Burnett, Tropical North Queensland, NSW North Coast, NSW South Coast, Geelong, Goulburn Valley, Latrobe Valley, Regional Tasmania and Upper Spencer Gulf.

During 2018–19, 37 projects were completed and 189 were underway.

Projects are expected to create more than 12,000 local jobs across the 10 pilot regions.

Tasmanian Jobs and Growth Package

The department administered \$3.9 million in 2018–19 through the Tasmanian Jobs and Growth Package. This supports growth and employment, and stimulates Tasmania's economy. The final projects under the package were completed in 2018–19.

Stronger Communities Programme

The Stronger Communities Programme supports community organisations and local governments with small capital projects that deliver important social benefits.

In 2018–19 a fourth round of the program was launched with funding of \$150,000 available in each of 150 federal electorates. Under this round, Members of Parliament and their community consultation committees could nominate suitable projects for Australian Government funding of between \$2,500 and \$20,000. Projects were required to be matched in cash or in kind on at least a dollar for dollar basis. A total of 2,271 projects were approved for \$21.4 million under round four of the program.

Regional Development Australia (RDA) committees

In 2018–19 the department administered \$18.3 million for RDA committees.

Significant changes were also introduced to enhance the support we provide these committees:

- a new management framework was implemented which provides direct support for RDA committees through a dedicated departmental liaison officer. These officers work to understand the committee's priorities and challenges, and help them develop annual business plans based on the Australian Government's RDA Charter

- liaison officers are also available to help committees progress and achieve planned outcomes
- streamlined administrative processes are providing greater flexibility for RDAs in how they report their business plans, achieve outcomes and remove unnecessary requirements. This allows committees to focus on delivering community outcomes
- performance measures have been included in current RDA committee funding agreements. This will be the first year committees will report against these. Information will be included in the committee's annual reports which are to be provided by 30 September 2019 and used to drive performance improvement across the network

Drought support and outreach

The government is investing in drought recovery and relief, infrastructure and community support to underpin the resilience of our communities.

In 2018–19 the government's Drought Communities Programme was extended so that 96 Local Government Areas could each receive \$1 million in support across New South Wales, Victoria, Queensland, South Australia and Tasmania. This investment was used to fund more than 293 infrastructure projects with the greatest potential to:

- impact regions
- use local resources
- generate economic stimulus to communities facing hardship

The \$30 million Drought Community Support Initiative was announced and fully delivered in 2018–19 to provide immediate financial assistance to farmers, farm workers and farm suppliers facing hardship due to drought. Support of up to \$3,000 for a household was provided to approximately 10,000 eligible households through the Salvation Army, St Vincent de Paul Society and Rotary Australia World Community Service.

The government committed \$15 million between 2018–19 and 2020–21 to the Foundation for Rural and Regional Renewal Tackling Tough Times Together grants program. This is being targeted to community and non-profit groups in drought-affected regions to reduce social isolation, support leadership development, address disadvantage and support local economic renewal. Since receiving Australian Government funding, 104 of these affected communities across Australia have received a share of \$2.7 million.

In April 2019 a \$5 million grant to the Country Women's Association (CWA) of Australia was announced so the organisation could continue providing financial assistance to farmers and farming families suffering hardship due to drought. The funding must be expended by 30 June 2020 and be used by the CWA to help people meet household expenses, such as school fees and groceries (up to \$3,000 for each household).

The department established a Drought Taskforce to deliver these initiatives and support communities. The taskforce also facilitated drought community outreach events in 56 towns, bringing together a range of federal and state government agencies, non-profit groups, rural and agricultural support organisations and mental health providers. The events were held over 13 weeks in New South Wales, Victoria and South Australia and reached 2,160 farmers, farm workers and rural business owners.

CASE STUDY

HEYWIRE — A PLATFORM FOR THE IDEAS AND STORIES OF YOUNG AUSTRALIANS FROM REGIONAL AREAS

The annual Heywire regional youth competition was established in 1998 by the Australian Broadcasting Corporation (ABC) and the Australian Government. The department is a primary Heywire sponsor.

The competition calls on young Australians in regional areas aged between 16 and 22 to share their ideas and experiences. So far, more than 11,000 young people have shared their stories.

In 2019 ABC producers worked with 38 winning entrants to produce stories about their communities to be featured on the ABC's national networks including ABC Radio, ABC TV and iView.

Heywire's 2019 videos were finalists in the National Sports Media Awards, with a collection of stories on the importance of sport in regional communities.

Winners travelled to Canberra to attend the annual Heywire Regional Youth Summit, which includes presentation and leadership training, mentoring and network building activities, and media opportunities.

Winners also develop project proposals to improve youth wellbeing in regional Australia, and pitch these to a panel.

In 2016 the department provided further funding to the ABC to expand Heywire with a new Trailblazers program. This will support young people aged 18 to 28 to create innovative projects in regional communities. Trailblazers have an opportunity to attend the Youth Innovation Lab at the Heywire Summit.

Continued...



2019 Heywire youth summit participants at Parliament House

CASE STUDY continued...

In 2019, Trailblazers supported 16 young leaders to develop nine winning projects, which reflected the diversity of regional Australia, including:

- ▶ A long walk through my ancestors' country connects me with them
- ▶ Volunteering in aged care has taught me about inequality
- ▶ The impact of drought on my small town
- ▶ My mother is my hero
- ▶ You don't have to be a genius to help others
- ▶ I'm trying to save my local pool for the benefit of the community
- ▶ 249 to go: a day in the shearing shed
- ▶ Can art save a town and its animals?

The Trailblazers program received a record number of applicants in 2019 and was heard by a bigger audience through live broadcasts on Triple j Hack and RN Life Matters.

The department also provides funding for Heywire Youth Innovation Grants. These support the up-take of ideas generated at the Heywire Summit. So far, more than 90 projects have been funded to make regional Australia a better place.

The program will continue in 2020. Entries open in July 2019 for the Heywire competition and Trailblazers. Winners will be announced in December 2019 and the next Regional Youth Summit will be held in February 2020.



The Hon Michael McCormack MP addresses the 2019 Trailblazers at their presentation event at Parliament House

International representation

The department participates in international forums to share best practice and learn from the experience of other countries. In 2018–19 this included participating in the Regional Development Policy Committee of the Organisation for Economic Co-operation and Development (OECD). As well as attending working group meetings in November 2018 and May 2019, Australia was represented at the fourth ministerial meeting of the committee in Athens in March, when the OECD issued agreed principles for rural and urban development. The department helped develop these principles, which are consistent with Australia's approach to regional and urban development.

Performance results

Measure		
● 23. Number of employed persons outside capital cities		
Target	Increased compared to previous year	Trend
Previous result	3.88 million persons in 2017, up compared to 2016* * The 2017 previous result published in 2017–18 Annual Report has been subject to change due to Australian Bureau of Statistics revisions	
2018–19 result	3.87 million persons outside capital cities were employed in the calendar year 2018 compared to 3.79 million in the calendar year 2017	
● 24. Real disposable income for low and middle income households outside capital cities		
Target	Increased from 2015–16 to 2017–18	
Previous result	Real disposable incomes were \$521 a week in 2015–16 and remain largely unchanged	
2018–19 result	2018–19 figures are unavailable for this measure. The Australian Bureau of Statistics releases data only once every two years	
● 25. Expected number of jobs supported over the life of projects, from infrastructure investment and regional development projects underway during the financial year (based on proponent reported data)		
Target	No target set	
Previous result	By delivering Australian Government funded projects, the department supported both direct and indirect jobs	
2018–19 result	By delivering Australian Government funded projects, the department continues to support both direct and indirect jobs, however specific data for 2018–19 is unavailable for this measure	
● 26. Increase in water available (ML) through water infrastructure projects funded		
Target	Water available is increased	
Previous result	In 2017–18 departmental activities guaranteed state and territory government access to concessional loan funding to build approved water infrastructure projects	
2018–19 result	The program is on track to deliver against the target to increase available water. Construction is underway on seven water infrastructure projects that will increase water availability by 45,000 megalitres	

Analysis

Employment outside capital cities, real disposable income and expected number of jobs supported over life of projects

All regions operate within a complex national and international economic framework, with many influences. Through our regional policy initiatives and regional programs, the department contributes towards improvements across the above performance measures. Some of our key initiatives delivered in 2018–19 include:

- ▶ establishing three pilot Regional Deals in Barkly (Northern Territory), Hinkler (Queensland) and Albury-Wodonga (NSW/Victoria)

- ▶ delivering a third round of the Building Better Regions Fund, which invested \$204.3 million in 330 projects around regional Australia
- ▶ supporting 52 Regional Development Australia Committees to drive economic investment in our regions and create more jobs
- ▶ supporting economic stimulus and job creation by investing \$96 million into the Drought Communities Programme Extension

Our regional funding and grant programs, such as the Building Better Regions Fund, builds confidence, encourages private-sector investment, creates jobs and improves community capability. The Regional Development Australia network supports local communities by identifying investment opportunities as well as helping to deliver regional programs. Individual projects and initiatives support employment and economic activity in regional areas.

CASE STUDY

BARKLY REGIONAL DEAL

The Regional Deals model brings together the three levels of government to address a region's unique circumstances and challenges, involve local people and realise opportunities that can maximise change and have positive impacts. The Barkly Regional Deal is the first regional deal in Australia.

The Barkly Regional Deal was released on 13 April 2019 following a six month consultation and community engagement process with key stakeholders to understand and reach agreement on the local priorities in the region. From the outset, local leadership drove the idea for the Barkly Regional Deal, and was key during its development. This approach has been maintained as the deal moves into the implementation phase.

Key stakeholders involved in developing the deal included Aboriginal Traditional Owners and community members from the 16 language groups across the region, business leaders, non-government organisations and young people.

Over 200 community members from Tennant Creek and a number of remote communities and Aboriginal homelands were involved in identifying the priorities for the region, including Ali Curing, Alpururulam, Epenarra and Mungkata.

The Barkly Regional Deal is a \$78.4 million commitment over 10 years between the Australian Government, the Northern Territory Government and the Barkly Regional Council to support the productivity and liveability of the region by stimulating economic growth and improving social outcomes, including reducing overcrowding and improving child safety. The Deal includes:

- ▶ \$45.4 million from the Australian Government that was announced in the 2019–20 Budget
- ▶ \$30.0 million from the Northern Territory Government
- ▶ \$3.0 million from the Barkly Regional Council

Continued...

CASE STUDY continued...

As part of the deal, 28 economic, social and cultural initiatives will be delivered over the next 10 years to address local priorities, including a new \$17.9 million weather radar to replace a radar decommissioned in 2015. The new initiatives aim to:

- ▶ boost key industries such as tourism, agribusiness and mining
- ▶ strengthen community safety
- ▶ reduce overcrowding
- ▶ expand and upgrade small scale community infrastructure in Tennant Creek and remote communities across the region
- ▶ improve school attendance rates
- ▶ reactivate local sporting league
- ▶ reform government funded/delivered services to improve the effectiveness of existing investment

Co-design and collaboration are critical aspects of the Barkly Regional Deal. A joint government-community Barkly Governance Table was established in February 2019 to oversee implementation of the deal. The governance table consists of 18 members, including senior officials from the three levels of government, Traditional Owners and language group representatives, local business leaders, Aboriginal community organisations, young people and the non-government sector. The governance table will meet six times a year to facilitate inclusive engagement across the Barkly community to ensure the deal results in measurable economic and social outcomes. Traditional Owners and Aboriginal peoples are key stakeholders in the Barkly Regional Deal—and all future Regional Deals—in recognition of their ongoing connection to country as Traditional Owners and custodians of the land.



Residents of the town of Ali Curung, located in the expansive Barkly region about 380km north of Alice Springs, proudly welcome visitors

Water available through water infrastructure projects funded

Access to secure and affordable water is a key limiting factor in the development of primary industries and communities in regional Australia. The \$1.3 billion National Water Infrastructure Development Fund and the \$2.0 billion National Water Infrastructure Loan Facility are part of the Australian Government's commitment to build the water infrastructure of the 21st century. By increasing water supply and enhancing water security, these initiatives support the economic growth of primary industries and communities in rural and regional Australia.

The government has committed nearly \$120 million for 50 feasibility studies under the feasibility component of the National Water Infrastructure Development Fund, including \$68 million for 18 studies in northern Australia. In 2018–19, 15 feasibility studies were completed, bringing those potential water infrastructure projects closer to being ready for investment decisions by governments and their private sector partners. A new project agreement has been implemented with the states to accommodate more than \$48 million announced by the government for seven new feasibility studies.

In 2018–19 construction commenced on four water infrastructure projects bringing the total projects where construction is underway to seven:

- \$155.6 million for Northern Adelaide Irrigation Scheme (South Australia)
- \$80.6 million South-West Loddon Pipeline (Victoria)
- \$60 million Macalister Irrigation District Modernisation Project (Victoria)
- \$6.1 million Sunraysia Modernisation Project Phase 2 (Victoria)
- \$51.4 million Scottsdale Irrigation Scheme (Tasmania)
- \$28.1 million Mareeba-Dimbulah Water Supply Scheme (Queensland)
- \$11.8 million Nogoa Mackenzie Water Supply Scheme (Queensland)

Once operational, these projects will increase water availability by more than 45,000 mega litres while also stimulating employment opportunities and economic growth in rural and regional Australia. In addition, the Australian Government has committed to build a further 14 water infrastructure projects, bringing the total Commonwealth commitment to \$991 million for the 21 projects, with a total construction value of more than \$1.98 billion. These projects are projected to deliver more than 225,000 mega litres of water, supporting the growth of primary industries, including irrigated agriculture and rural and regional communities more broadly. While individual projects and initiatives do support increases in employment or economic activity, it is not possible to draw a direct, causal link between specific interventions and broader, nation-wide economic outcomes in the longer term.

To address pressures resulting from the drought, consideration of projects for the capital component of the National Water Infrastructure Development Fund under a special drought round has also been completed. The government announced \$32.8 million for three projects through the special drought round:

- \$31.3 million for the \$62.6 million Macalister Irrigation Modernisation Phase 2 Project (Victoria)
- \$715,000 for the \$1.4 million Coolanie Water Scheme (South Australia)
- \$790,000 for the \$1.6 million Warwick Recycled Water for Agriculture project (Queensland)

These projects will deliver more than 10,000 mega litres in new water to increase water security and drought resilience for farmers and these rural and regional communities.

CASE STUDY

DROUGHT COMMUNITIES PROGRAMME

The department supports drought-affected communities by funding local infrastructure projects to provide more employment opportunities, improve liveability in regional communities and stimulate local economies.

In 2018–19 the Drought Communities Programme provided funding of \$96 million to eligible councils to deliver benefits to targeted drought-affected regions of Australia. The program is designed to support local community infrastructure and other drought relief projects for communities impacted by drought, including by boosting local employment and procurement, and addressing social and community needs.

Wakefield Regional Council in South Australia was eligible for a \$1.0 million grant, which was used to address four key areas and outcomes considered important by the local community during drought conditions:

- ▶ supporting the heart of the community
- ▶ promoting the sustainability of the region
- ▶ community wellbeing

- ▶ road access improvements for farm machinery and heavy vehicles

Funding was allocated towards the upgrade of facilities at nine local community halls and venues across the region, with an emphasis on improving operational efficiency and the upkeep of venues.

Using the funding, upgrade works were carried out at a number of local sporting facilities, community gyms, pools and playing fields spread across the region. Funds were also provided to local community groups for the upkeep of local historical tourist attractions to boost tourism opportunities.

Wakefield Regional Council also carried out upgrades and improvements on the local road network to allow greater accessibility by trucks and machinery to local farms. As part of this work, road pavements were widened and strengthened to allow access by larger vehicles, problematic intersections were improved and the encroachment of native vegetation was addressed.

Continued...



Mustering cattle in drought affected regional Australia

Case study continued...

Overall, the grant provided to Wakefield Regional Council resulted in:

- ▶ better community facilities and the opportunity for future economic returns for the council through venue hire from local community events and functions
- ▶ lower running costs for venues and local sporting facilities by installing solar power systems and efficient energy and water saving measures
- ▶ the ability for local primary producers to access safer and more efficient transport options, effectively increasing production
- ▶ employment opportunities for local trades people to carry out all of the works, providing important employment opportunities during the drought
- ▶ ongoing opportunities to strengthen community resilience and social ties through events at community facilities and sporting organisations, playing an important role during and after drought

Program 3.2 — Local Government

The Local Government Program is designed to improve the capacity of councils to deliver services to all Australians wherever they live. It is an essential element of local government operational budgets, especially in rural and regional areas.

In 2018–19 the department continued to support the Minister for Local Government by providing advice and briefings on local government issues and policy. This advice supported the minister's engagement with representatives of some of Australia's 540 councils and their peak body, the Australian Local Government Association.

Key activities and achievements for 2018–19

Through the Local Government Program the department:

- ▶ delivered and managed the Financial Assistance Grant program in line with the Local Government (Financial Assistance) Act 1995. This provides financial assistance to support equitable levels of local government services delivery. In 2018–19 the department administered \$2.5 billion through this program
- ▶ presented the 34th National Awards for Local Government. This initiative recognises, rewards and promotes the innovative work of local governments and the difference they make to their communities. The awards focus on projects that are relevant to the national agenda. In June 2019 winners were announced across 10 categories
- ▶ delivered \$60 million through the Supplementary Local Roads Funding for South Australia program. South Australia is responsible for 11.8 per cent of Australia's local roads and receives 5.5 per cent of total local road funding under the Financial Assistance Grant program. Supplementary funding through the Financial Assistance Grant program and Roads to Recovery program ensures the state receives funding that is appropriate to the level of local road maintenance it requires

Performance results

Measure	
● 27. Financial assistance is provided to support equitable levels of services by local government bodies	
Target	Financial assistance is provided in accordance with the Local Government (Financial Assistance) Act 1995
Previous result	\$2.4 billion in financial assistance provided to local government bodies in accordance with the Act
2018-19 result	\$2.5 billion in financial assistance was provided to local government bodies in accordance with the Act

Analysis

Financial assistance is provided to support equitable levels of service by local government bodies

The department contributes to this measure by managing the funding provided through the Financial Assistance Grant program for local government bodies. This has been the Commonwealth’s primary support mechanism for local government since 1974.

The objective of the program is to provide general purpose funding for all local government bodies, and to improve their capacity to deliver an equitable level of services. Any local governing body recognised as such by their state or territory government is eligible to receive funding. Individual council allocations are made by local government grants commissions in each jurisdiction. Allocations are determined by each jurisdiction’s distribution methodology which must be in accordance with the Act and the National Principles, and can also include other elements that impact local government in their jurisdiction.

The department administers the program through jurisdictional agencies that determine individual council allocations. These agencies ensure that funding is allocated in accordance with the Act and associated probity requirements, including full consideration of the National Principles. Managing this funding requires ongoing communication between the department, the Treasury and the Department of Finance to ensure annual indexation is accurate, and that payments are made on schedule.

CASE STUDY

NATIONAL AWARDS FOR LOCAL GOVERNMENT: CITY OF STIRLING'S KALEIDOSCOPE INITIATIVE

The City of Stirling's Kaleidoscope Initiative won the 2019 National Awards for Local Government.

This initiative is about working in partnership with businesses, immigrant networks, community organisations and governments to ensure that newcomers to the area have access to online information, networking opportunities and mentoring to help them get on their feet faster.

The initiative has already held 18 job-ready workshops with over 350 participants. More than 600 professionals, employers and business leaders have participated in 13 networking and training events.

This innovative approach to empowering and connecting newcomers to the City of Stirling means they feel more confident as members of their local community and as part of Australian society.

The Kaleidoscope Initiative is already expanding through partnerships with other councils.



The 2019 National Awards for Local Government National Award for Excellence is presented to the City of Stirling (CoS) for its Kaleidoscope project in June 2019. L to R – Mayor David O'Loughlin (President, ALGA), Mr Stuart Jardine (CEO, CoS), the Hon Mark Coulton MP (Minister for Regional Services, Decentralisation and Local Government), Ms Sarah Janali (Service lead cultural and diversity and Community, CoS) and Mayor Mark Irwin (Mayor CoS)

Program 3.3 — Cities

The department supports the government in delivering its cities agenda, which aims to make Australia's cities more productive and liveable. The department's activities contribute to Outcome 3 by delivering and investing in projects that stimulate economic growth and improve liveability in Australia's cities. During 2018–19 the department identified projects and initiatives that would drive productivity, improve liveability and facilitate partnerships between all levels of government, the private sector and local communities.

In pursuing these objectives, a number of influencing factors are considered including the impact population and economic growth may have on liveability. The success of the government's cities agenda is supported by strong relationships with state and territory governments.

Key activities and achievements for 2018–19

Future City Deals

The Australian Government has committed to developing City Deals for Perth and South-East Queensland, as well as announcing its intention to work with the Victorian Government and other stakeholders to progress two City Deals for Melbourne. The department began developing the South East Queensland City Deal in April 2019, and started preparations for the Melbourne City Deals following the federal election in May 2019.

National cities performance framework

The Australian Government's Smart Cities Plan measures the success of our policies and informs Australians about the trends and changes in our cities.

The online National Cities Performance Framework delivers on that commitment by publishing indicators to help measure the progress of Australia's cities. The framework:

- supports better policies and interventions to improve outcomes in Australia's cities
- informs the public about issues and trends facing our cities
- helps governments monitor the progress of City Deals

The first National Cities Performance Framework was launched on 8 December 2017. It measures the progress and performance of Australia's largest 21 cities plus Western Sydney. It is the first official framework of its kind in Australia and brings together critical data in an easily accessible online format. The dashboard has been viewed over 70,000 times since December 2017. It helps all levels of government, industry and the community to better target, monitor and evaluate cities policy and investments, including through City Deals.

The framework is a dynamic resource and will be updated with new data in 2019. The department will review the framework in 2020, working with governments, industry and the community to improve the dashboard and explore potential new data sources.

CASE STUDY

WESTERN SYDNEY PROJECTS SUPPORTING ECONOMIC GROWTH

The Australian Government is investing \$5.3 billion to build the Western Sydney International (Nancy-Bird Walton) Airport, one of the most significant infrastructure projects underway in Australia. Building on the investment in the Western Sydney International airport, the Commonwealth, NSW and eight local governments are also partnering to deliver the 20-year Western Sydney City Deal. This collaboration will improve community infrastructure, liveability and support a new Western Parkland City.

The Western Sydney City Deal is an integrated package of 38 commitments to build the new Western Parkland City, made up of infrastructure, industry, education, planning and environmental initiatives. Key projects include the North-South Rail Link, an aerospace institute, a \$30 million housing package, as well as a \$170 million liveability program to improve community facilities and urban amenities. The Australian Government will contribute \$3.5 billion to deliver the first stage of the North South Rail Link with the NSW Government. This metro-style service will be an essential piece of infrastructure that will enable safe, cost-effective and

efficient access for the Western Sydney International airport. It will become the transport spine for the Western Parkland City, connecting travellers from the airport and the Western Sydney Aerotropolis to St Marys and the rest of Sydney's rail system.

The Western Sydney City Deal is a leading example of how three levels of government can partner over the long term to build a better future for communities. It establishes an enduring framework for ongoing collaboration. Government partners are publicly accountable for implementation, with results regularly monitored and reported. The City Deal will also unlock significant private sector investment, creating more job and education opportunities closer to where people live. Through Western Sydney International and the Western Sydney City Deal, there is significant investment in major infrastructure to help meet the needs of the region's growing population, and catalyse investment, development and job opportunities. It is a once-in-a-generation opportunity to build a stronger and more prosperous Western Sydney.



Artist's depiction of the North-South Rail Link Station currently under construction in Western Sydney

Performance results

Measure	
● 28. Enhanced coordination of investment in Australian cities	
Target	No target set. Future City Deals to be determined by government
Previous result	New measure
2018–19 result	Through the seven signed City Deals the government has been able to successfully coordinate and leverage almost \$6 billion in funding
● 29. Employment growth in cities	
Target	No target set. Increased compared to the previous financial year
Previous result	New measure
2018–19 result	Between 2013 and 2018, the weighted average annual employment growth of Australia's 21 largest cities was 2.0%. Individually, 19 of the 22 cities (including Western Sydney) recorded average annual employment growth over this period. This included six of the seven City Deals cities experiencing employment growth
● 30. GDPs for Australia's capital cities	
Target	No target set. Increased compared to the previous financial year
Previous result	New measure
2018–19 result	Over 2016–17 Australia's 21 largest cities contributed 78.9% of national GDP. We will be in a position to quantify growth for this measure next year when we have a second data point for 2017–18
● Number of projects receiving funding through the Smart Cities and Suburbs program	
Target	49 projects funded in Round One
Previous result	Target met, with 49 projects funded in Round One
2018–19 result	81 projects are being funded across both rounds of the Smart Cities Suburbs Program

Analysis

Australia's 21 largest cities produce around 80 per cent of Australia's GDP and are home to 75 per cent of the population. As such, Australia's national economic prosperity and our wellbeing depends on our cities being both productive and liveable.

Australia's cities are facing a range of challenges associated with population growth, or lack thereof, and technology disruption, which may impact liveability and productivity. The department works across the Commonwealth and with state, territory and local governments to address these challenges and help ensure that Australia's cities remain productive and liveable.

The main mechanism for delivering on the government's cities agenda is the place-based City Deal model, which provides a framework for collaboration between the three levels of government and the private sector to address challenges and build on the strengths of an urban location. The government's cities agenda also includes the National Cities Performance Framework, which helps provide a clearer picture of the state of play in cities, and the \$50 million Smart Cities and Suburbs Program, which facilitates the uptake of smart technology.

The government's cities agenda provides a coordinated policy, which is working to ensure that Australia's cities have the social and economic infrastructure—and the planning and governance structures—needed to support their sustainable growth.

Enhanced coordination of investment

Through City Deals, the department has been working across the Commonwealth and with state, territory and local governments to coordinate funding and better leverage outcomes in line with its objectives. The focus is on aligning planning, investment and governance to encourage innovation, support growth and create jobs to secure the future prosperity and liveability of our cities.

Since 2016 the Australian Government has signed seven City Deals, four of those agreed in 2018–19. These deals include over 190 commitments and are leveraging almost \$6 billion in Australian Government funding.

Deal	Date signed	Status	Length	Australian Government contribution (\$m)
Townsville	December 2016	Implementation	15 years	381.70
Launceston	April 2017	Implementation	5 years – (10-year election commitment)	198.23
Western Sydney	March 2018	Implementation	20 years	3,575.00
Darwin	November 2018	Agreed and awaiting implementation	10 years	100.00
Hobart	February 2019	Agreed and awaiting implementation	10 years	1,073.34
Geelong	March 2019	Agreed and awaiting implementation	10 years	183.80
Adelaide	March 2019	Agreed and awaiting implementation	10 years	174.00

To attain this level of funding, the department worked with other Commonwealth agencies throughout the City Deal negotiation phase to identify investment opportunities that were in line with the relevant community's priorities. As a result, we were able to coordinate investment across the Commonwealth to ensure funding for a range of initiatives, such as education precincts and climate change adaptation projects. We are ensuring that City Deals reflect the diversity of priorities, opportunities and needs in the relevant urban areas. The department also worked successfully with state, territory and local governments to source almost \$5.5 billion in non-Commonwealth funding for the seven signed City Deals.

Although there was no target set for this measure, the significant volume of funding demonstrates that the enhanced coordination facilitated by City Deals has been successful.

This collaboration and funding will help ensure all levels of government are working together to improve productivity and liveability in Australia's cities.

The significant volume of coordinated funding and total number of individual commitments means the department will work closely with City Deal partners to ensure initiatives are delivered in an efficient and timely manner. Close collaboration throughout implementation and delivery will also help ensure any emerging risks can be identified and mitigated.

Employment growth in cities

The government's commitment to making Australia's cities more productive and liveable is also focused on creating the jobs needed to support our urban population and drive a growing economy. Employment growth is primarily impacted by a number of factors including population growth and private sector investment. City Deals contribute to employment outcomes using a localised placed based approach. Each of the seven City Deals signed so far include initiatives to create jobs, either directly through construction projects such as the Townsville Stadium, or over the long-term by establishing employment precincts such as the Western Sydney Aerotropolis.

The Western Sydney City Deal acknowledges that to support the region's expected population growth, an extra 200,000 jobs will be needed. To establish the settings for job creation and economic development, the department worked with City Deal partners to identify suitable initiatives, such as establishing the Western City and Aerotropolis Authority, and an investment attraction fund. While the impact of these are hard to measure this early, the department will monitor them closely to assess their impact on job creation.

Between 2013 and 2018 the weighted average annual employment growth of Australia's 21 largest cities was 2.0 per cent. This equated to 18 of the 21 cities individually recording an average annual employment growth over this period, including six of the seven City Deal locations. While Townsville experienced an overall decline in the number of jobs due in part to the mining downturn, the Townsville City Deal will help reduce its impacts through job creating investment, including the 750 jobs expected to be created during the construction of the Townsville Stadium.

GDP growth for Australia's capital cities

To ensure cities remain liveable and support growing populations, they also need to be productive so they can continue to drive national economic growth. Like employment growth, GDP is also primarily impacted by macro-economic factors such as commodity prices, export volumes and private sector investment. City Deals focus on increasing economic output using a localised placed based approach. Each of the seven Deals signed to date includes initiatives to increase economic activity. To identify the right initiatives for each location, the department worked with Deal partners to find projects that would build on the strengths of the local area. For example, the Townsville City Deal is leveraging the region's position as an agricultural and mining exports hub, by committing funding to widening the Port of Townsville's access channel. This will help ensure larger ships can dock, increase the port's export capacity, and create more economic activity in the region. Similarly the Adelaide City Deal will use the region's human capital to increase its tech economy by establishing a world class science and entrepreneurship precinct.

Smart Cities and Suburbs Program

The Australian Government's \$50 million Smart Cities and Suburbs Program supports urban projects that apply smart technology, data-driven decision making and people-focused design to deliver economic, social and environmental benefits. A total of 81 projects have been funded under two rounds of the program. Of the 49 projects funded under round one, 41 were completed by 30 June 2019. Eight carried over to the next financial year. The 32 projects funded under round two are underway and due for completion on 30 June 2020.

CASE STUDY

SMART CITIES AND SUBURBS PROGRAM: RAILSMART PLANNING WANNEROO

The RailSmart Planning Wanneroo project is an innovative example of projects funded by the Australian Government's Smart Cities and Suburbs Program.

The government invested \$500,000 towards the \$1 million RailSmart project, which ran over an 18 month period. It was led by the City of Wanneroo in partnership with the WA Department of Transport and Edith Cowan University.

RailSmart introduces a future land-use and transport planning tool to help urban developers and the City of Wanneroo

accommodate the needs of its rapidly growing population. RailSmart draws on available travel data, trend modelling and patterns across the Perth metropolitan area and applies them to the City of Wanneroo to showcase detailed transport modelling, employment and land use trends.

The RailSmart Planning support system won the Best Integration of an Individual Technology award at the 2019 Smart City Awards in May.



Electric train service departs Perth underground station

Outcome 4

Good governance in Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories.

The department contributes to Outcome 4 by effectively managing the government's investment to deliver:

- ▶ long term service delivery arrangements
- ▶ improved coordination of service delivery arrangements
- ▶ priority infrastructure projects

Program 4.1 — Services to Territories

The Services to Territories Program contributes to our purpose of providing good governance in the territories.

The program benefits all people in the Australian territories by maintaining and improving the overarching legislative framework for self-governing territories, and the laws, services and infrastructure for non-self-governing territories and the Jervis Bay Territory.

Key activities and achievements for 2018–19

Through the Services to Territories Program (Program 4.1), the department:

- ▶ delivered essential infrastructure, services and legal frameworks to the external territories and Jervis Bay Territory
- ▶ improved financial and governance arrangements for Norfolk Island
- ▶ managed the world heritage Kingston and Arthur's Vale Historic Area on Norfolk Island
- ▶ administered a loan to the Australian Capital Territory Government to implement its loose fill asbestos insulation eradication scheme
- ▶ funded the Australian Capital Territory to provide services on behalf of the Australian Government to fulfill diplomatic, treaty and other obligations
- ▶ advised the Australian Government to effectively administer its interest in the Australian Capital Territory and the Northern Territory

While the department delivers some services directly, the majority of service delivery and infrastructure tasks are negotiated and managed through agreements with service providers. We are also responsible for delivering legal frameworks to ensure comparable community rights and protections for local citizens in the territories to other Australian jurisdictions.

Performance results

Measure	
●	31. Communities in the external territories and Jervis Bay Territory have comparable services and essential infrastructure to mainland Australia
	<p>Target Service delivery arrangements and contracts deliver comparable services and essential infrastructure to mainland Australia</p>
	<p>Previous result In 2017–18 state level services were delivered in accordance with service delivery arrangements and contracts in the territories of Christmas Island, Cocos (Keeling) Islands and Jervis Bay. Essential infrastructure continued to support service delivery</p> <p>The department worked closely with the ACT Government and the Wreck Bay Aboriginal Community Council to review service delivery arrangements and improve service delivery in the Jervis Bay Territory</p> <p>The department also progressed financial and governance reform for Norfolk Island</p>
	<p>2018–19 result In 2018–19 state-type services were delivered to the communities of Christmas Island and the Cocos (Keeling) Islands through service delivery agreements with the Western Australia Government, contracts with the private sector and directly by the department. In March 2019 it was reported that health services were similar to or exceeded those provided to remote mainland communities</p> <p>The department continued work with the ACT Government and Wreck Bay Aboriginal Community Council to review service delivery to the Jervis Bay Territory</p> <p>In 2018–19 state-type services were delivered to Norfolk Island residents through agreements with the NSW Government, the Australian Federal Police, the Norfolk Island Regional Council and private sector service providers. Funding from the department helped resurface the Norfolk Island Airport Runway</p> <p>The department also supported residents to implement fee relief that was not previously available for vocational education and training and child care</p>
●	32. Legal and governance frameworks in the external territories and Jervis Bay Territory are appropriate for the protection and wellbeing of the communities
	<p>Target Legal and governance frameworks comparable to mainland Australia</p>
	<p>Previous result In 2017–18 state level laws were applied and updated in the territories to reflect arrangements in other comparable communities</p>
	<p>2018–19 result In 2018–19 laws were applied and updated to support delivery of services to local communities comparable to mainland Australia, including:</p> <p>Indian Ocean territories—seven Commonwealth legislative instruments were made (one Ordinance, two Directions, and four Amending Determinations)</p> <p>Norfolk Island—two further NSW laws were applied and six legislative instruments were made to update or apply laws</p> <p>Jervis Bay Territory—as authorised under the Jervis Bay Territory Acceptance Act 1915, all ACT laws continue to apply to Jervis Bay Territory as far as they are applicable and providing they are not inconsistent with an Ordinance</p>

Analysis

The department supports Australians in territories by administering:

- Norfolk Island
- Christmas Island
- Cocos (Keeling) Islands
- Ashmore and Cartier Islands
- Coral Sea Islands
- the Jervis Bay Territory

In 2018–19 applied law arrangements were maintained to ensure standards, rights and responsibilities for the external territories and the Jervis Bay Territory compare with other Australian jurisdictions.

Legislative instruments were made:

- for fluoridation of public water
- to proclaim Christmas Island a mineral field
- to update supply fees for utilities and services in the Indian Ocean Territories
- so updated lists of Western Australia laws could be tabled in the Australian Parliament

For the Jervis Bay Territory, legislative amendments were progressed to implement the outcomes of the review of the Rural Fires Ordinance. A review of the Emergency Management Ordinance was also completed.

For Norfolk Island, the Local Government Act was amended to:

- support the next general election of the Norfolk Island Regional Council
- update a range of Norfolk Island laws to make further criminal justice improvements, implement a modern personal and domestic violence system, and provide a more streamlined process for public infrastructure planning approvals

These changes improved community wellbeing and put in place more sustainable and efficient administrative processes.

Essential services continued to be delivered. Services in the Indian Ocean Territories were provided in accordance with 45 service delivery arrangements with Western Australia Government agencies. Services were also delivered directly by our local administration staff through contractual arrangements with private sector entities, local governments and other organisations. State-level services in Norfolk Island were delivered under arrangements with providers including the Norfolk Island Regional Council, the NSW Government and private sector and non-government providers. In the Jervis Bay Territory, a number of providers—including the ACT Government, NSW Government and Shoalhaven City Council—delivered essential services.

The department supported ongoing service delivery by maintaining essential infrastructure in external territories and the Jervis Bay Territory. For example, funding was provided to:

- replace a Jervis Bay Territory water treatment plant
- upgrade the storm water system
- repair the recreation centre's roof
- refurbish the Christmas Island mosque

On Norfolk Island, projects were undertaken to support cruise ship passenger transfers, maintain the Norfolk Island Central School and health facility, and manage assets within Kingston and Arthur's Vale Historic Area.

CASE STUDY

INDIAN OCEAN TERRITORIES HEALTH SERVICE

The department commissioned PricewaterhouseCoopers to review and advise on the appropriateness of the Indian Ocean Territories Health Service. This included considering its capacity to meet current and emerging health needs.

The review was underpinned by extensive data analysis and consultations with local communities. It found that health services offered on Christmas Island were similar to, or exceeded, those

provided to other remote communities, including the 24 hour hospital on Christmas Island, mammography machines on both islands, and pathology services on Christmas Island. It also found that the health services were highly regarded by local communities. The PricewaterhouseCoopers Report will inform a five year strategic plan that is being developed for the Indian Ocean Territories Health Service.

Norfolk Island

The department is progressing financial and governance reform for Norfolk Island through ongoing community partnerships. Agreements are in place with the:

- ▶ Norfolk Island Regional Council to deliver a range of services
- ▶ Australian Federal Police for local policing
- ▶ NSW Government to provide governance and operational support for health, education and local government

Local residents are now receiving the majority of federal services that mainland Australians have. Work continues to increase the range and quality of state level services so they are consistent with those provided to similar sized communities.

In 2018–19 the department progressed legislative reform for Norfolk Island. Some of the key changes made have modernised criminal offence provisions, streamlined process for public infrastructure projects, and introduced a modern domestic and personal violence regime.

In 2018–19 the department managed \$1.1 million for Norfolk Island Commonwealth administration. These funds helped the Norfolk Island administrator to exercise statutory and on-island community engagement.

Services to Norfolk Island

The department administered \$47.5 million for services to Norfolk Island in 2018–19. To ensure delivery of essential services, we have agreements with service providers including the:

- ▶ Australian Federal Police and Commonwealth Director of Public Prosecutions to provide policing and prosecution services
- ▶ Norfolk Island Health and Residential Aged Care Service to deliver health services
- ▶ NSW Government to provide teachers and the NSW curriculum at the Norfolk Island Central School, and to oversee health services and some local government support services
- ▶ Norfolk Island Regional Council to deliver other community services

The department also underwrites air services to Norfolk Island to ensure reliable mainland access for the community and to support tourism.

The department worked on initiatives to improve local infrastructure during the year, including projects within Kingston and Arthur's Vale Historic Area, and the next stage of the Cascade Pier project. This includes building transfer vessels to carry cruise ship passengers from ship to shore and upgrading Cascade Road.

Our objective with the world heritage listed Kingston and Arthur's Vale Historic Area is to protect and enhance the site's heritage values for future generations, and to develop facilities at the site to support social wellbeing and economic growth on the island.

In 2018–19 the department administered \$1.1 million for the Kingston and Arthur's Vale Historic Area. These funds were used:

- ▶ to maintain and conserve heritage buildings and landscapes
- ▶ for strategic planning and heritage project development
- ▶ for local and heritage specialists to undertake extensive community engagement
- ▶ to deliver core heritage management initiatives to better protect the area

Indian Ocean Territories

In 2018–19 the department administered \$125.2 million for services to the Indian Ocean Territories. This was used to:

- ▶ support delivery of state-type services by the Western Australia Government
- ▶ contract private sector providers to deliver services, such as port and airport management, air services, and bus and ferry services
- ▶ fund the Indian Ocean Territories Administration to provide services and maintain community infrastructure, including public housing, emergency management services, health and power services
- ▶ support the functions of the Office of the Administrator of Christmas Island and the Cocos (Keeling) Islands
- ▶ support community organisations to provide training activities and promote tourism
- ▶ fund the shires of Christmas Island and the Cocos (Keeling) Islands to provide local government services, and the Australian Federal Police to provide community policing
- ▶ upgrade and replace infrastructure, including priority stormwater works, repairs to the recreation centre roof, refurbishing the Christmas Island mosque and remediating the West Island playgroup grounds

The Australian Government provided \$25.5 million in 2018–19 through the Indian Ocean Territories Special Account 2014. The funds were used to deliver essential services such as power, water, healthcare and medical supplies, and infrastructure such as ports, airports and public housing.

Christmas Island Phosphate Mining Rehabilitation Special Account 2016

The Australian Government provided \$1.3 million in 2018–19 through the Christmas Island Phosphate Mining Rehabilitation Special Account 2016. The funds were provided to Parks Australia to restore rainforest on relinquished mine sites on Christmas Island.

Jervis Bay Territory

The department administered \$6.7 million for services to Jervis Bay Territory during the year for a range of essential services, including education, justice, welfare, emergency services, water, electricity and health.

A number of projects were undertaken to improve infrastructure and service delivery. This included electricity projects, housing renovations, and water and sewerage works. In 2018–19 the Australian Government provided \$1.5 million through the Jervis Bay Territory Special Account 2014.

Administering the Australian Government's interest in the Australian Capital Territory and Northern Territory

The department advises on administering the Australian Government's interests in the Australian Capital Territory and the Northern Territory. This work has included facilitating appointments, managing the overarching legislative framework for self-government, supporting reforms to the National Capital Authority and providing policy advice on the ACT Government's proposal for Stage 2 Light Rail.

The department continued to administer a loan to the ACT Government to implement its Loose Fill Asbestos Insulation Eradication Scheme. The ACT Government has made three annual interest payments since 30 June 2015. The ACT Government has made two principal repayments, each for \$50 million.

Australian Capital Territory Government – national capital functions

The department administered \$1.9 million in funding to the ACT Government during the year for the National Capital Functions program. This includes services to fulfill diplomatic, treaty and other obligations. The department continued to maintain and improve the self-governing legislative framework for the ACT, including reviewing 22 sunseting legislative instruments relating to ACT self-government and the harmonisation of Commonwealth and ACT laws legislation.

Office of the Administrator, Northern Territory

A total of \$334,000 was administered by the department for the Office of the Administrator, Northern Territory, during the year. These funds were used for costs associated with the administrator's salary, leave and travel.





PART 5

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Infrastructure, Transport and Regional Development

Opinion

In my opinion, the financial statements of the Department of Infrastructure, Transport, Cities and Regional Development (the Entity) for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Key audit matter**Valuation of Advances and Loans**

Refer to Note 4.1B 'Administered – Trade and other receivables'

I focused on this item given its significance to the financial statements and the complexity of the accounting treatment and calculations required for the recognition and valuation of concessional loans given:

- existing and new advances and loans contain concessional terms with interest rates that are lower than comparable market rates;
- the level of estimation and judgement required to determine the market interest rate to be used in the valuation of these concessional loans and associated discount expense and revenue; and
- the range and potential combination of concessional loan terms that may be included in individual loans.

As at 30 June 2019 the value of trade and other receivables for advances and loans was \$2,771.0 million.

How the audit addressed the matter

To audit the valuation of advances and loans, I performed the following procedures:

- evaluated the application of the Entity's accounting policy in respect of recognition and measurement of the concessional component and fair value of new loans to confirm it is in accordance with Australian Accounting Standards;
- evaluated the reasonableness of the methodology adopted by the Entity to determine the market interest rate used in the valuation of loans entered into during 2018–19, including the appropriateness of assumptions used and sensitivity analysis undertaken;
- tested, on a sample basis, loan payments advanced during the year to signed loan agreements and approvals required under the applicable legislation to assess the accuracy of the amounts and timing of advances, actual interest rates applied and loan terms; and
- evaluated the nature and application of the methodology adopted by the Entity to assess outstanding loans for impairment and expected losses at 30 June 2019.

Key audit matter**Valuation of the Australian Government's Investment in the Australian Rail Track Corporation and Airservices Australia**

Refer to Note 4.1D 'Administered – Investments'

I focused on this balance given the significant value of these investments to the financial statements and the judgement and estimations involved in determining the fair value of the Australian Rail Track Corporation and Airservices Australia investment assets.

The discounted cash flow models used to determine the fair value of these investments requires a high level of judgement and estimation by the Entity because the primary inputs such as estimated future cash flows, discount rates, terminal values and weighted average cost of capital applied in the valuation models are not based on observable market data.

As at 30 June 2019 the value of the investments recognised for the Australian Rail Track Corporation was \$832.8 million and for Airservices Australia was \$3,292.0 million.

How the audit addressed the matter

To audit the valuation of the Australian Government's investment in the Australian Rail Track Corporation and Airservices Australia, I performed the following procedures:

- assessed the competence and objectivity of management's valuation experts who performed the valuation of these investments for the Entity;
- assessed the reasonableness of key assumptions underpinning the inputs used in the Entity's valuation models for these investments. This included comparing the key inputs used in the valuation models against comparable external data where it was available; and
- considered the sensitivity of the valuation methodologies by adjusting key assumptions for reasonably foreseeable alternate scenarios.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Lesa Craswell
Executive Director

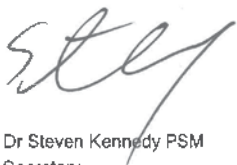
Delegate of the Auditor-General

Canberra
30 August 2019

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Infrastructure, Transport, Cities and Regional Development (the department) will be able to pay its debts as and when they fall due.



Dr Steven Kennedy PSM
Secretary

30 August 2019



Brad Medland
Chief Financial Officer

30 August 2019

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	123,047	130,141	93,851
Suppliers	1.1B	101,146	110,200	113,969
Grants	1.1C	2,071	26	-
Depreciation and amortisation	3.2A	6,843	8,095	9,965
Finance costs - unwinding of discount		1	6	12
Write-down and impairment of other assets	1.1D	162	4,353	-
Total expenses		233,270	252,821	217,797
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	5,990	7,506	3,205
Other revenue	1.2B	1,055	630	500
Total own-source revenue		7,045	8,136	3,705
Gains				
Gains from sale of assets		-	79	-
Other gains	1.2C	490	771	722
Total gains		490	850	722
Total own-source income		7,535	8,986	4,427
Net cost of services		225,735	243,835	213,370
Revenue from Government		210,029	241,677	203,405
Surplus/(Deficit) on continuing operations		(15,706)	(2,158)	(9,965)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		66	(209)	-
Total other comprehensive income		66	(209)	-
Total comprehensive income/(loss)		(15,640)	(2,367)	(9,965)

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	2,812	3,010	1,825
Trade and other receivables	3.1B	128,318	140,324	123,085
Accrued revenue		1,585	1,593	975
Total financial assets		132,715	144,927	125,885
Non-financial assets				
Land and buildings	3.2A	15,835	17,404	17,103
Property, plant and equipment	3.2A	12,280	7,839	10,869
Intangibles	3.2A	10,415	8,952	12,207
Other non-financial assets	3.2B	5,942	3,660	3,361
Total non-financial assets		44,472	37,855	43,540
Total assets		177,187	182,782	169,425
LIABILITIES				
Payables				
Suppliers	3.3A	19,611	22,928	23,010
Other payables	3.3B	2,508	2,169	188
Total payables		22,119	25,097	23,198
Provisions				
Employee provisions	6.1A	43,043	37,642	37,925
Other provisions	3.4	515	859	1,482
Total provisions		43,558	38,501	39,407
Total liabilities		65,677	63,598	62,605
Net assets		111,510	119,184	106,820
EQUITY				
Contributed equity		(89,395)	(97,361)	(93,557)
Reserves		33,628	33,562	33,772
Accumulated surplus		167,277	182,983	166,605
Total equity		111,510	119,184	106,820

The above statement should be read in conjunction with the accompanying notes.

A summary of the recovery and settlement of aggregate assets and liabilities is at Note 8.1A.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		(97,361)	(104,768)	(101,523)
Transactions with owners				
Contributions by owners				
Departmental capital budget		7,966	13,410	7,966
Restructuring	8.3A	-	(6,003)	-
Total transactions with owners		7,966	7,407	7,966
Closing balance as at 30 June		(89,395)	(97,361)	(93,557)
ACCUMULATED SURPLUS				
Opening balance				
Balance carried forward from previous period		182,983	185,141	176,570
Comprehensive income				
Surplus/(Deficit) for the period		(15,706)	(2,158)	(9,965)
Total comprehensive income		(15,706)	(2,158)	(9,965)
Closing balance as at 30 June		167,277	182,983	166,605
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		33,562	33,771	33,772
Comprehensive income				
Other comprehensive income				
Changes in asset revaluation surplus				
Non-financial assets		170	(209)	-
Provision for restoration		(104)	-	-
Total comprehensive income		66	(209)	-
Closing balance as at 30 June		33,628	33,562	33,772
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		119,184	114,144	108,819
Comprehensive income				
Surplus/(Deficit) for the period		(15,706)	(2,158)	(9,965)
Other comprehensive income				
Changes in asset revaluation surplus				
Non-financial assets		170	(209)	-
Provision for restoration		(104)	-	-
Total comprehensive income		(15,640)	(2,367)	(9,965)
Transactions with owners				
Contributions by owners				
Departmental capital budget		7,966	13,410	7,966
Restructuring	8.3A	-	(6,003)	-
Total transactions with owners		7,966	7,407	7,966
Closing balance as at 30 June		111,510	119,184	106,820

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
CASH FLOW STATEMENT
for the period ended 30 June 2019

			Original Budget 2019 \$'000
	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		256,936	264,809
Sale of goods and rendering of services		8,251	3,936
GST received		9,840	10,889
Other		682	72
Total cash received		275,709	279,706
Cash used			
Employees		117,395	128,913
Suppliers and grants		125,284	122,986
Section 74 receipts transferred to OPA		33,123	26,120
Total cash used		275,802	278,019
Net cash from/(used by) operating activities		(93)	5,562
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	97
Total cash received		-	97
Cash used			
Purchase of land and buildings		2,500	5,886
Purchase of property, plant and equipment		5,618	4,566
Purchase of intangibles		3,911	3,511
Total cash used		12,029	13,963
Net cash (used by) investing activities		(12,029)	(13,528)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		11,924	13,339
Total cash received		11,924	13,339
Net cash from financing activities		11,924	7,966
Net increase/(decrease) in cash held		(198)	1,160
Cash and cash equivalents at the beginning of the reporting period		3,010	1,850
Cash and cash equivalents at the end of the reporting period	3.1A	2,812	1,825

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
for the period ended 30 June 2019

Budget Variances Commentary

Statement of Comprehensive Income

Expenses

The variances in employee and supplier expenses are due to a misclassification in the original budget between these items associated with Machinery of Government adjustments. This was corrected in the 2018-19 Portfolio Additional Estimates Statements (PAES).

After the adjustments were made in the PAES:

- (a) Employee expenses were \$2.3 million or 2% million higher than the PAES budget of \$120.7 million mainly due to the effect of changes in the 10 year government bond rate on long service leave provisions.
- (b) Supplier expenses were \$4.3 million or 4% higher than the PAES budget of \$96.8 million mainly due to increased contractor expenses.

No budget allowance was made for grant expenses. Grant expenses mainly reflect contributions associated with regional programs and one-off contributions to the National Capital Authority and Australian Transport Safety Bureau.

Depreciation estimates in the original budget were determined before the transfer of assets through Machinery of Government changes in 2017-18 were confirmed.

Income

Revenue from the sale of goods and services is over budget by \$2.8 million mainly due to the recovery of information technology support expenses from the Department of Home Affairs and recovery of costs incurred on behalf of WSA Co Ltd that were not included in the original budget.

Other revenue is over budget by \$0.6 million due to insurance proceeds and the recognition of resources received free of charge for seconded employees.

Revenue from government is higher than budget by \$6.6 million or 3% due to several new measures reflected in the 2018-19 PAES.

Statement of Financial Position

Financial assets are over budget by \$6.8 million or 5% mainly due to differences between the actual and budgeted opening balances for appropriation receivable.

Non-financial assets are over budget by \$0.9 million or 2% mainly due to prepaid expenses recognised for grant administration functions undertaken by the Department of Industry, Innovation and Science.

Liabilities are over budget by \$3.1 million or 5% mainly due to the effect of changes in government bond rates on the calculation of the present value of long service leave provisions.

Statement of Changes in Equity

Total equity is over budget by \$4.7 million or 4% mainly due to differences between the actual and budgeted opening balances partially offset by a higher deficit than budgeted. The deficit can be attributed to increased contractor expenses and the effect of changes in government bond rates on leave provisions.

Cash Flow Statement

Variances against budget in the Cash Flow Statement are broadly consistent with the explanations above for income and expenses. No specific allowances were made in the Budgeted Cash Flow Statement for GST received or the transfer of s74 receipts to the OPA.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2.1A	15,550	14,933	18,937
Suppliers	2.1B	188,471	159,574	265,447
Subsidies	2.1C	226,322	219,702	246,342
Grants	2.1D	4,055,353	4,034,007	3,067,658
Depreciation and amortisation	4.2A	38,503	36,648	38,940
Impairment loss allowance on financial instruments	2.1E	592	1,045	-
Write-down and impairment of other assets	2.1F	8,308	342,603	-
Payments to corporate Commonwealth entities	2.1G	135,459	126,022	136,531
Concessional loans		4,943	10,246	96,272
Other expenses	2.1H	87,005	676	1,000
Total expenses		4,760,506	4,945,456	3,871,127
Income				
Revenue				
Taxation revenue				
Other taxes	2.2A	45,299	47,183	44,556
Total taxation revenue		45,299	47,183	44,556
Non-taxation revenue				
Sale of goods and rendering of services	2.2B	15,861	20,856	15,316
Western Sydney Airport preparatory activities		99,600	146,100	99,600
Fees and fines	2.2C	147,741	214,764	144,632
Interest	2.2D	105,056	74,433	112,869
Dividends		78,112	84,289	71,000
Other revenue	2.2E	5,801	7,432	8,987
Total non-taxation revenue		452,171	547,874	452,404
Total revenue		497,470	595,057	496,960
Gains				
Gains from sale of assets		26	3	-
Other gains	2.2F	66,008	7,702	12
Total gains		66,034	7,705	12
Total income		563,504	602,762	496,972
Net (cost of) services		(4,197,002)	(4,342,694)	(3,374,155)
Deficit		(4,197,002)	(4,342,694)	(3,374,155)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		(1,014,334)	88,764	-
Total other comprehensive income/(loss)		(1,014,334)	88,764	-
Total comprehensive loss		(5,211,336)	(4,253,930)	(3,374,155)

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

		2019	2018	Original Budget 2019
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	4,237	24,346	74,177
Trade and other receivables	4.1B	2,783,043	2,155,077	3,099,990
Investments	4.1D	5,099,211	5,380,447	6,527,460
Other financial assets	4.1E	89,538	13,178	3,840
Total financial assets		7,976,029	7,573,048	9,705,467
Non-financial assets				
Land and buildings	4.2A	243,877	205,437	221,705
Property, plant and equipment	4.2A	483,090	449,692	467,234
Intangibles	4.2A	7,048	3,812	3,044
Inventories	4.2B	2,623	2,568	2,277
Grant prepayments		19,396	1,887	11,260
Total non-financial assets		756,034	663,396	705,520
Total assets administered on behalf of Government		8,732,063	8,236,444	10,410,987
LIABILITIES				
Payables				
Suppliers	4.3A	20,806	20,224	12,287
Subsidies	4.3B	11,248	11,640	7,788
Grants	4.3C	69,088	29,004	16,278
Other payables	4.3D	421	364	255
Total payables		101,563	61,232	36,608
Provisions				
Employee provisions	6.1B	3,913	3,661	3,705
Concessional loan commitments	4.4A	15,077	102,071	-
Other provisions	4.4B	90,974	3,206	3,065
Total provisions		109,964	108,938	6,770
Total liabilities administered on behalf of Government		211,527	170,170	43,378
Net assets		8,520,536	8,066,274	10,367,609

The above schedule should be read in conjunction with the accompanying notes.

A summary of the recovery and settlement of aggregate assets and liabilities is at Note 8.1B.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

Notes	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July	8,066,274	7,181,813
Adjustment for change in accounting policy	-	-
Adjusted opening assets less liabilities	8,066,274	7,181,813
Net (cost of)/contribution by services		
Income	563,504	602,762
Expenses		
Payments to entities other than corporate Commonwealth entities	(4,625,047)	(4,819,434)
Payments to corporate Commonwealth entities	(135,459)	(126,022)
Other comprehensive income		
Revaluations transferred to reserves - non-financial assets	50,647	-
Revaluations transferred to/(from) reserves - investments	(1,064,981)	89,738
Impairment of non-financial assets transferred from reserves	-	(974)
Transfers (to)/from Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered asset and liabilities appropriations	1,496,922	1,182,681
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	1,738,898	1,668,506
Payments to corporate Commonwealth entities	136,531	126,022
GST	42,509	16,442
Special appropriations (unlimited)		
Payments to corporate Commonwealth entities	246,009	244,620
Refund of administered receipts - section 77 PGPA Act	742	231
Special accounts	-	76,648
Protection of the Sea Pollution Compensation Fund	303	676
Special appropriations - Financial Assistance Grants	2,503,742	2,413,416
Appropriation transfers to OPA		
Transfers to OPA	(499,755)	(590,175)
Transfers to OPA non-cash	(303)	(676)
Closing assets less liabilities as at 30 June	8,520,536	8,066,274

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and the Administered Reconciliation Schedule.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019	2018
Notes	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Other taxes	44,931	44,967
Sale of goods and rendering of services	20,287	48,193
Other contributions	99,600	146,100
Fees and fines	154,070	215,819
Interest	5	13
Dividends	78,112	84,289
Rental income	2,810	3,948
Royalties	1,845	3,855
GST received	40,159	-
Other revenue	3,475	2,756
Total cash received	445,294	549,940
Cash used		
Employees	15,281	14,736
Grants	4,032,712	4,025,039
Subsidies paid	226,714	216,258
Suppliers	234,192	179,936
Other expenses	44,153	-
Payments to corporate Commonwealth entities	135,459	126,022
Total cash used	4,688,511	4,561,991
Net cash (used by) operating activities	(4,243,217)	(4,012,051)
INVESTING ACTIVITIES		
Cash received		
Repayments of advances and loans	53,529	53,556
Interest	28,764	30,095
Proceeds from sales of property, plant and equipment	26	3
Total cash received	82,319	83,654
Cash used		
Advances and loans made	693,458	721,791
Purchase of property, plant and equipment	14,659	19,430
Purchase of land and buildings	33,120	3,767
Investments	783,745	514,160
Total cash used	1,524,982	1,259,148
Net cash (used by) investing activities	(1,442,663)	(1,175,494)
Net (decrease) in cash held	(5,685,880)	(5,187,545)

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Cash and cash equivalents at the beginning of the reporting period		24,346	74,176
Cash from Official Public Account			
Appropriations		6,165,050	5,651,242
Special Accounts		-	76,648
Total cash used from official public account		<u>6,165,050</u>	<u>5,727,890</u>
Cash to official public account			
Appropriations		(499,279)	(513,527)
Special Accounts		-	(76,648)
Total cash to official public account		<u>(499,279)</u>	<u>(590,175)</u>
Cash and cash equivalents at the end of the reporting period	4.1A	<u>4,237</u>	<u>24,346</u>

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
for the period ended 30 June 2019

Budget Variances Commentary

Administered Schedule of Comprehensive Income

Expenses

Employee expenses are under budget by \$3.4 million or 18% mainly due to the increased use of contractors and Service Delivery Arrangements to deliver services in the Indian Ocean Territories.

Supplier expenses are under budget by \$77.0 million or 29% mainly due to the transfer of appropriations totalling \$70 million to the Department of Defence through 2018-19 Additional Estimates for the conservation of Orchard Hills in Western Sydney as part of the Western Sydney Airport Biodiversity Offset Delivery Plan.

Subsidy expenses were under budget by \$20 million or 8% mainly due to a slower than anticipated uptake to the expansion of the Tasmanian Freight Equalisation Scheme.

Grant expenses are over budget by \$1.0 billion or 32% due to a government decision announced in the 2019-20 Budget to bring forward Financial Assistance Grant payments from the 2019-20 financial year.

No allowance was made in the original budget for the write-down or impairment of assets.

Concessional loan expenses are under budget by \$91 million mainly due to a change in accounting policy adopted in 2017-18, after the original budget was prepared, that changed the recognition of expenses.

Other expenses are over budget by \$86 million due to the recognition of expenses associated with biodiversity offset credits.

Income

Administered revenue is in line with the original budget. Interest revenue is under the original budget by \$7.8 million as no loans were made from the National Water Infrastructure Loan Facility in 2018-19. This was offset by higher dividends than budgeted from the Australian Rail Track Corporation.

A small budget was allowed for other gains. Other gains of \$66.0 million were recognised mainly for the acquisition of biodiversity offset credits and land for no consideration (refer Note 2.2F).

Administered Schedule of Assets and Liabilities

Cash and cash equivalents are under budget by \$69.9 million mainly due to differences between the actual and budgeted opening balances and the drawdown of funds from special accounts.

Trade and other receivables are \$317 million or 10% under budget mainly due to budgeted advances from the National Water Infrastructure Loan Facility that did not occur in 2018-19.

Administered investments are \$1.4 billion or 20% under budget due to lower equity payments than budgeted to the Australian Rail Track Corporation (ARTC) and Moorebank Intermodal Company (MILC) and changes to the fair value of ARTC, MILC and WSA Co Ltd.

Other financial assets are over budget by \$85.7 million due to the recognition of biodiversity offset credits which were not budgeted.

Non-financial assets are over budget by \$50.5 million or 7% mainly due to a net revaluation adjustment to property, plant and equipment assets.

Payables are over budget by \$65 million mainly due to the timing of grant payments at the end of the financial year.

Provisions are over budget by \$103 million due to a change in accounting policy on recognition of concessional loan commitments adopted in 2017-18, after the original budget was prepared, and recognition of a provision for biodiversity offset obligations at the Western Sydney Airport and Moorebank Logistics Park that was not budgeted.

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

The Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act. The financial statements have been prepared in accordance with:

- the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

As required by the FRR, administered financial assets (Note 4.1), administered financial instruments (Note 7.3) and administered fair value measurement (Note 7.4) are reported in accordance with Tier 1 disclosures under *AASB 1053 Application of Tiers of Australian Accounting Standards*. All other notes and schedules are reported in accordance with the Reduced Disclosure Requirements (Tier 2) under AASB 1053.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Australian Accounting Standards

The following new standards were issued prior to the signing of the statement by the Secretary and Chief Financial Officer, were applicable to the current reporting period, and had a material effect on the department's financial statements:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 9 Financial Instruments	<p>AASB 9 is effective for annual reporting periods commencing on or after 1 January 2018 and replaces the requirements of <i>AASB 139 Financial Instruments: Recognition and Measurement</i>. The department adopted AASB 9 from 1 July 2018.</p> <p>AASB 9 makes major changes to the classification and measurement of financial assets and introduces an 'expected credit loss model' for impairment of financial assets.</p> <p>Further detail on the reclassification of the department's financial assets is outlined in Notes 7.2 and 7.3.</p> <p>The change to an expected credit loss model did not have a material impact on the assessment of impairment on financial assets carried forward from 30 June 2018.</p> <p>The department elected not to restate prior periods. The main changes that affected the department were reclassifications of financial assets. No changes were made to opening retained earnings on adoption of AASB 9.</p>

Taxation

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST except where:

- the amount of GST incurred is not recoverable from the Australian Taxation Office and
- for receivables and payables.

Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Revenue is recognised when it is probable that the economic benefit comprising the consideration will flow to the Government and it can be reliably measured.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Dividend revenue is recognised when the right to receive a dividend has been established.

Events After the Reporting Period

Administered

On 2 July 2019, the department purchased additional biodiversity offset credits (credits) at a cost of \$20.6 million under the Western Sydney Airport Biodiversity Offset Delivery Plan. The acquisition of credits will be recognised as an other financial asset (Note 4.1E). The department has an obligation to use the credits to meet environmental offset requirements which will be recognised in other provisions (Note 4.4B).

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Performance

This section analyses the financial performance of the department for the year ended 30 June 2019.

1.1 Expenses

	2019	2018
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	89,670	94,026
Superannuation		
Defined contribution plans	7,920	7,970
Defined benefit plans	9,100	10,416
Leave and other entitlements	14,126	12,337
Separation and redundancies	1,196	3,310
Other employee expenses	1,035	2,082
Total employee benefits	123,047	130,141
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal	5,781	6,054
Contracted services	29,649	28,021
Consultants	13,001	20,772
Contractors	18,340	14,512
Travel and accommodation	4,447	5,027
Communications	2,198	2,532
Property operating costs	5,886	6,825
Information technology services	3,648	4,376
Training and conferences	2,170	2,119
Other goods and services	5,586	7,434
Total goods and services supplied or rendered	90,706	97,672
Goods supplied	3,991	638
Services rendered	86,715	97,034
Total goods and services supplied or rendered	90,706	97,672
Other suppliers		
Operating lease rentals	10,266	12,091
Workers compensation expenses	174	437
Total other suppliers	10,440	12,528
Total suppliers	101,146	110,200
Leasing Commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	13,196	12,316
Between 1 to 5 years	49,822	47,581
More than 5 years	27,309	39,740
Total operating lease commitments	90,327	99,637
Commitments for sublease rental income receivables are as follow:		
Within 1 year	3,089	1,921
Between 1 to 5 years	13,112	6,463
More than 5 years	7,212	5,301
Total sublease rental income commitments	23,413	13,685

Leasing Commitments

The department, in its capacity as lessor/lessee, has entered into operating leases for office accommodation purposes. The lease conditions vary and most leases include annual rent reviews with fixed percentage increases. Operating leases are effectively non-cancellable.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
<u>1.1C: Grants</u>		
Related entities	1,180	-
Local Governments	20	26
Non-profit organisations	871	-
Total grants	2,071	26
<u>1.1D: Write-down and impairment of other assets</u>		
Write-down of leasehold improvements	161	3,841
Write-down other property, plant and equipment	1	151
Impairment of intangible assets	-	361
Total write-down and impairment of other assets	162	4,353

Accounting Policy

Employee Benefits

Accounting policies for employee related expenses are contained in the People and Relationships section (Note 6.1).

Leases

Operating lease rental expenses are net of sub-lease revenue where applicable.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the lease arrangements.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability over the life of the lease. Lease incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis unless another systematic basis is more reflective of the time pattern of the lessee's benefit.

Where leased premises are considered surplus, the operating rent has been brought to account in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

The department makes an immediate allowance for property makegood where required under lease agreements.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

	2019	2018
	\$'000	\$'000
Own-Source Revenue		
<u>1.2A: Sale of goods and rendering of services</u>		
Sale of goods	3	8
Rendering of services	5,987	7,498
Total sale of goods and rendering of services	5,990	7,506
<u>1.2B: Other revenue</u>		
Resources received free of charge		
Remuneration of auditors	570	540
Seconded employees	111	-
Other	374	90
Total other revenue	1,055	630
Gains		
<u>1.2C: Other gains</u>		
Assets acquired at fair value	-	438
Unwinding of provision for surplus lease space	182	243
Reversal of lease liabilities	168	76
Reversal of other provisions	99	-
Reversal of impairment on financial assets	41	14
Total other gains	490	771

Accounting Policy

Revenue from the Sale of Goods or Rendering of Services

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the department retains no managerial involvement or effective control over the goods
- the revenue and transaction costs incurred can be reliably measured and
- it is probable that the economic benefits associated with the transaction will flow to the department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits associated with the transaction will flow to the department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Other Revenue

Resources Received Free-of-Charge

Resources received free-of-charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free-of-charge are recorded as either revenue or gains depending on their nature.

Other Gains

Resources Received Free-of-Charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 8.3).

Sale of Assets

Gains and losses from disposal of assets are recognised when control of the assets has passed to the buyer.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the department gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered – Expenses

	2019 \$'000	2018 \$'000
2.1A: Employee benefits		
Wages and salaries	11,803	11,533
Superannuation		
Defined contribution plans	1,513	1,491
Defined benefit plans	65	71
Leave and other entitlements	1,484	1,414
Other employee expenses	685	424
Total employee benefits	15,550	14,933
2.1B: Suppliers		
Goods and services supplied or rendered		
Service fees	33,510	30,201
Service delivery arrangements	82,637	76,603
Fuel and oil	12,349	10,881
Rail and road research	10,666	11,901
Medical supplies	5,236	4,503
Property and operating costs	11,540	8,993
Repairs and maintenance	5,239	6,283
Travel and accommodation	489	595
'Building our Future' advertising	16,014	273
Information, communication and technology	2,143	1,405
Other goods and services	8,476	7,735
Total goods and services supplied or rendered	188,299	159,373
Goods supplied	12,349	10,881
Services rendered	175,950	148,492
Total goods and services supplied or rendered	188,299	159,373
Other suppliers		
Operating lease rentals	149	143
Workers compensation expenses	23	58
Total suppliers	188,471	159,574
Operating lease rentals relate to short-term residential and storage leases. There were no material commitments for these leases at 30 June 2019 (2018: Nil).		
2.1C: Subsidies		
Subsidies in connection with		
Tasmanian Freight Equalisation Scheme	153,197	147,322
Bass Strait Passenger Vehicle Equalisation Scheme	51,360	49,737
Other subsidies	21,765	22,643
Total subsidies	226,322	219,702

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019 \$'000	2018 \$'000
2.1D: Grants		
Public sector		
Australian Government entities (related parties)	354,549	390,570
State and Territory Governments	2,565,783	2,455,812
Local Governments	486,860	692,154
Private sector		
Not-for-profit organisations	582,933	450,110
Commercial entities	62,544	42,878
Overseas	2,684	2,483
Total grants	4,055,353	4,034,007
Grants to State and Territory Governments include \$2.545 billion (2018: \$2.432 billion) paid to local government bodies through State and Territory Governments, mainly for Financial Assistance Grants.		
2.1E: Impairment loss allowance on financial instruments		
Impairment on receivables	288	1,045
Impairment on loans	304	-
Total impairment loss allowance on financial instruments	592	1,045
2.1F: Write-down and impairment of other assets		
Write-down of land and buildings	1,290	529
Write-down of property, plant and equipment	16	840
Write-down of heritage and cultural assets	-	209
Write-down of finance leases ¹	7,002	341,025
Total write-down and impairment of other assets	8,308	342,603
¹ Write-down of finance leases reflects the lease of land to NSW Roads and Maritime Services and WSA Co Ltd in Western Sydney and to Melbourne Airport for no or nominal consideration (2018: Lease of land to WSA Co Limited and at Melbourne Airport for no or nominal consideration).		
2.1G: Payments to corporate Commonwealth entities		
Australian Maritime Safety Authority	76,533	69,717
Civil Aviation Safety Authority	43,936	41,313
Infrastructure Australia	11,514	11,592
National Transport Commission	3,476	3,400
Total payments to corporate Commonwealth entities	135,459	126,022
2.1H: Other expenses		
Protection of the sea levy payment	303	676
Biodiversity offset obligations	86,702	-
Total other expenses	87,005	676

Accounting Policy

Grants and Subsidies

The department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the applicant have been performed or (ii) the eligibility criteria have been satisfied, but payments due have not been made.

Payments to corporate Commonwealth entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the department is disclosed under the Funding section – Appropriations (Note – 5.1A).

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered – Income		
	2019	2018
	\$'000	\$'000
Revenue		
Taxation Revenue		
<u>2.2A: Other taxes</u>		
Levies	1,701	2,216
Land tax equivalents	40,427	40,070
Other tax equivalents	3,171	4,897
Total other taxes	45,299	47,183
Non-Taxation Revenue		
<u>2.2B: Sale of goods and rendering of services</u>		
Sale of goods	544	2,382
Rendering of services	15,317	18,474
Total sale of goods and rendering of services	15,861	20,856
<u>2.2C: Fees and fines</u>		
Interstate Road Transport	224	69,284
Motor Vehicle Standards	9,538	10,772
Marine Navigation levies	89,323	87,808
Protection of the Sea levies	35,762	35,190
Airport Building Controllers	7,273	6,073
Airport Environment Officers	1,868	1,494
Other fees	3,059	3,333
Fees from regulatory services	147,047	213,954
Fines	694	810
Total fees and fines	147,741	214,764
<u>2.2D: Interest</u>		
Loans	87,495	63,501
Unwinding of discount - concessional loans	17,556	10,919
Other	5	13
Total interest	105,056	74,433
<u>2.2E: Other revenue</u>		
Refund of previous years payments	727	268
Insurance recoveries	153	1,454
Rental income	2,794	3,182
Phosphate mine royalties	1,477	1,639
Other	650	889
Total other revenue	5,801	7,432

Rental income is mainly associated with residential and commercial properties in the Indian Ocean Territories and Jervis Bay Territory. Residential lease agreements are cancellable by either the lessor or the lessee by giving the required notice.

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019	2018
	\$'000	\$'000
2.2F: Other gains		
Revaluation increase - artwork	1,934	-
Recognition of assets at fair value - land	18,272	7,200
Reversal of impairment of financial assets	-	279
Recognition of other assets at fair value	3,253	77
Reversal of provision for asbestos removal	-	146
Recognition of biodiversity offset credits at fair value	42,549	-
Total other gains	66,008	7,702

Accounting Policy

Revenue

All administered revenues are revenues relating to ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the department that oversees distribution or expenditure of the funds as directed.

The main sources of administered revenue are:

Other taxes

- land tax and similar equivalency payments for commercial use of Commonwealth owned land (mainly at regulated airports)
- other tax equivalency payments applied in the Indian Ocean Territories and Jervis Bay Territory, and
- levies associated with phosphate mining activities on Christmas Island.

Sales of goods and services

Provision of goods and services in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island including electricity supply, water and sewerage and medical fees. Revenue from the sale of goods also includes proceeds from the extraction of surplus sand at regulated airports.

Fees and fines

- Interstate Road Transport registration fees and related items charged under the Federal Interstate Registration Scheme. The scheme has been discontinued from 1 July 2018
- vehicle import and related fees charged under the *Motor Vehicle Standards Act 1989*
- Marine Navigation and Protection of the Seas levies are remitted to the Commonwealth by the Australian Maritime Safety Authority (AMSA) who collect the levies from commercial shipping operators. An equivalent amount is paid to AMSA from a special appropriation administered by the department (refer Note 5.1C)
- application fees collected by Airport Building Controllers for construction activities at regulated airports and recovery of costs for Airport Environment Officers, and
- licenses and other fees charged under the *Coastal Trading (Revitalising Australian Shipping) Act 2012*.

Other revenue

- interest on loans recognised using the effective interest rate
- dividend revenue from Australian Government owned entities
- royalties on phosphate extracted from mining activities on Christmas Island, and
- recovery of costs from WSA Co Ltd for preparation of the Western Sydney Airport site.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Financial Position

This section analyses the department's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2019	2018
	\$'000	\$'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	2,716	2,827
Other	96	183
Total cash and cash equivalents	2,812	3,010
3.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	1,415	3,593
Total goods and services receivables	1,415	3,593
Appropriations receivable		
Existing programs	124,178	133,954
Total appropriations receivable	124,178	133,954
Other receivables		
GST receivable from the Australian Taxation Office	2,644	2,761
Other receivables	125	101
Total other receivables	2,769	2,862
Total trade and other receivables (gross)	128,362	140,409
Less impairment loss allowance	(44)	(85)
Total trade and other receivables (net)	128,318	140,324

Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Impairment

All financial assets are assessed for impairment at the end of each reporting period based on expected credit losses. Impairment of trade receivables is assessed on lifetime credit losses. The amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2019	Buildings	Artwork	Other Property, Plant & Equipment	Computer Software Internally Developed	Computer Software Purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018						
Gross book value	21,224	151	10,129	31,095	3,734	66,333
Accumulated depreciation and impairment	(3,820)	(5)	(2,436)	(22,933)	(2,944)	(32,138)
Total as at 1 July 2018	17,404	146	7,693	8,162	790	34,195
Additions						
Purchase	939	-	6,614	-	10	7,563
Internally developed	-	-	-	3,607	-	3,607
Revaluation recognised in other comprehensive income	170	-	-	-	-	170
Depreciation and amortisation	(2,517)	(4)	(1,887)	(1,804)	(631)	(6,843)
Other movements	-	-	-	-	-	-
Reclassifications	-	-	(281)	(1,121)	1,402	-
Disposals	-	-	-	-	-	-
From disposals of entities or operations (including restructuring)	(161)	-	-	-	-	(161)
Write-downs	-	-	(1)	-	-	(1)
Total as at 30 June 2019	15,835	142	12,138	8,844	1,571	38,530
Total as at 30 June 2019 represented by						
Gross book value	16,563	151	16,460	33,061	5,146	71,381
Accumulated depreciation, amortisation and impairment	(728)	(9)	(4,322)	(24,217)	(3,575)	(32,851)
Total as at 30 June 2019	15,835	142	12,138	8,844	1,571	38,530

No impairment losses were recognised in 2018-19 (2018: Buildings \$0.209 million and software \$0.361 million).

No material disposals of assets are expected to occur in the 2019-20 financial year.

The buildings, artwork and other property, plant & equipment assets classes are measured at fair value in accordance with AASB 13 Fair Value Measurement.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated below.

Contractual commitments for the acquisition of property, plant and equipment and intangible assets

At 30 June 2019, the department had no contractual commitments for buildings (2018: \$1.385 million), \$1.683 million for other property, plant and equipment (2018: \$0.442 million) and \$6.088 million for intangible assets (2018: \$2.667 million). Contractual commitments relate to acquisitions in the 2019-20 and 2020-21 financial years.

Accounting Policy

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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment assets are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment 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.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Buildings on freehold land	1 to 60 years	1 to 60 years
Leasehold improvements	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Plant and equipment	1 to 100 years	1 to 100 years
Departmental artworks	1 to 100 years	1 to 100 years
Administered artworks	Indefinite	Indefinite
Other heritage and cultural	Indefinite	Indefinite

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Impairment

All assets were assessed for impairment at 30 June 2019 for events that occurred since the last valuation. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its current replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The department's intangibles comprise internally developed software over \$50,000 and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software are from 3 to 9 years (2018: 3 to 9 years). All software assets were assessed for indications of impairment as at 30 June 2019.

Accounting Judgements and Estimates

Buildings

Buildings represent the fair value of leasehold improvements in office leases and the related make good requirements. The fair value has been taken to be the current replacement cost as determined by an independent qualified valuer as at 31 March 2019, adjusted for subsequent depreciation, acquisitions and disposals. The valuer confirmed there was no material difference between the carrying value and fair value at 30 June 2019.

Other property, plant and equipment assets

The fair value of other property, plant and equipment assets (including artwork) has been taken to be the current replacement cost as determined by an independent qualified valuer as at 31 March 2017, adjusted for subsequent depreciation, acquisitions and disposals.

Fair value assessment

The department obtained advice from an independent qualified valuer there was not a material difference between the carrying value and fair value of the artworks and other property, plant & equipment asset classes at 30 June 2019.

	2019	2018
	\$'000	\$'000
3.2B: Other non-financial assets		
Prepayments	5,519	3,481
Sub-lease rentals	423	179
Total other non-financial assets	5,942	3,660

No indicators of impairment were found for other non-financial assets.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2019	2018
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors	858	3,134
Accrued expenses	15,762	17,889
Operating lease rentals	2,991	1,905
Total suppliers	19,611	22,928

Settlement is usually made within 30 days.

3.3B: Other payables

Unearned revenue	181	41
Lease incentives	442	537
Wages and salaries	799	692
Superannuation	134	118
Separations and redundancies	798	781
Other	154	-
Total other payables	2,508	2,169

3.4 Other Provisions

	Provision for restoration \$'000	Provision for surplus lease space \$'000	Provision for legal costs \$'000	Total \$'000
As at 1 July 2018	329	431	99	859
Revalued	104	-	-	104
Amounts used	-	(182)	-	(182)
Reversal and other movements	(167)	-	(99)	(266)
Total as at 30 June 2019	266	249	-	515

The department had two agreements at 30 June 2019 (2018: four) for the lease of office premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease. The department has made a provision to reflect the present value of these obligations.

The department holds one lease for office accommodation that includes space that is surplus to requirements. The department sub-leases this space where possible. The department has recognised a provision for surplus lease space measured at the present value of future lease payments for the term the space is expected to be surplus, less any sub-lease revenue.

A provision is recognised for legal costs where costs and/or damages have been, or are likely to be, awarded against the department and the amount can be reliably estimated.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets and liabilities that the department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1 Administered – Financial Assets

	2019	2018
	\$'000	\$'000
4.1A: Cash and cash equivalents		
Cash on hand or on deposit	7	12,433
Cash in special accounts	4,230	11,913
Total cash and cash equivalents	4,237	24,346
The closing balance of Cash in special accounts does not include amounts held in trust: [\$0.107 million in 2018 and \$0.110 million in 2019]. See Note 5.2 Special Accounts and 8.2 Assets Held in Trust for more information.		
4.1B: Trade and other receivables		
Advances and loans		
Commercial entities	1,717,275	1,159,058
Local Government	85,049	-
State and Territory Governments	968,699	991,869
Total advances and loans	2,771,023	2,150,927
Other receivables		
Fees	4,507	3,662
Other revenue	-	11
GST receivable from Australian Taxation Office	9,082	5,222
Total other receivables	13,589	8,895
Total trade and other receivables (gross)	2,784,612	2,159,822
Less impairment allowance		
Advances and loans	-	(3,402)
Other receivables	(1,569)	(1,343)
Total impairment allowance	(1,569)	(4,745)
Total trade and other receivables (net)	2,783,043	2,155,077
Trade and other receivables (net) expected to be recovered		
No more than 12 months	62,586	57,869
More than 12 months	2,720,457	2,097,208
Total trade and other receivables (net)	2,783,043	2,155,077

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.1C: Reconciliation of the impairment allowance

Movements in relation to 2019

	Advances and loans 2019 \$'000	Other receivables 2019 \$'000	Total 2019 \$'000
As at 1 July 2018			
Impairment loss allowance calculated under AASB 139	3,402	1,343	4,745
Amounts written off	(3,706)	(62)	(3,768)
Increase/(Decrease) recognised in net cost of service	304	288	592
Total as at 30 June 2019	-	1,569	1,569

Movements in relation to 2018

	Advances and loans 2018 \$'000	Other receivables 2018 \$'000	Total 2018 \$'000
As at 1 July 2017	3,681	396	4,077
Amounts written off	-	(98)	(98)
Increase/(Decrease) recognised in net cost of service	(279)	1,045	766
Total as at 30 June 2018	3,402	1,343	4,745
		2019	2018
		\$'000	\$'000

4.1D: Investments

Investments accounted for using the net assets method

Australian Government authorities		
National Transport Commission	849	668
Australian Maritime Safety Authority	206,272	200,611
Civil Aviation Safety Authority	62,451	66,463
Infrastructure Australia	4,418	3,294
Australian Government companies		
Moorebank Intermodal Company Limited	248,136	136,963
WSA Co Limited	449,579	365,589
Australian Government controlled entities		
Norfolk Island Health and Residential Aged Care Service	2,748	2,289
Total Investments accounted for using the net assets method	974,453	775,877

Investments accounted for using the discounted cash flow method

Australia Government authorities		
Airservices Australia	832,758	893,770
Australian Government companies		
Australian Rail Track Corporation Limited	3,292,000	3,710,800
Total Investments accounted for using the discounted cashflow method	4,124,758	4,604,570
Total Investments	5,099,211	5,380,447

Other investments expected to be recovered

No more than 12 months	-	-
More than 12 months	5,099,211	5,380,447
Total other investments	5,099,211	5,380,447

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
4.1E: Other financial assets		
Biodiversity offset credits		
Biodiversity offset credits	86,702	-
Total biodiversity offset credits	86,702	-
Accrued revenue		
Goods and services	2,248	6,177
Interstate road transport	-	6,359
Motor vehicle standards	588	642
Total accrued revenue	2,836	13,178
Total other financial assets	89,538	13,178
Other financial assets expected to be recovered		
No more than 12 months	89,538	13,178
More than 12 months	-	-
Total other financial assets	89,538	13,178

Accounting Policy

Loans and Receivables

Credit terms for goods and services were within 30 days (2018: 30 days).

Concessional loans have been provided to State, Territory, local government and commercial entities. The loans were made for periods ranging from 4 to 118 years. No security is generally required. Interest rates are fixed on most loans. Interest payment arrangements vary in each loan agreement, with some agreements allowing for capitalisation of interest for specified periods.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised in the Administered Schedule of Comprehensive Income.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale, are classified as fair value through other comprehensive income (FVOCI) and are measured at their fair value as at 30 June 2019. Fair value has been determined using the Australian Government's proportional interest in the net assets of the entities at the end of the reporting period or a discounted cash flow valuation.

The Australian Government has a 100 per cent interest in the following entities, except the National Transport Commission (35%). The principal activities of each of the entities are as follows:

1. Airservices Australia – provides safe, secure, efficient and environmentally responsible air navigation and aviation rescue and firefighting services to the aviation industry.
2. Australian Maritime Safety Authority (AMSA) – provides maritime safety and other services to the Australian maritime industry, aviation and maritime search and rescue and marine environment protection services.
3. Civil Aviation Safety Authority (CASA) – regulates the safety of civil air operations in Australia and Australian registered aircraft operating outside Australian territory.
4. Australian Rail Track Corporation Limited (ARTC) – operates and manages over 8,500 kilometres of standard gauge rail track in South Australia, Victoria, Western Australia, New South Wales and Queensland. ARTC has been tasked by the Australian Government to deliver the Inland Rail project. The Australian Government has entered into agreements with ARTC to provide equity financing of up to \$9.3 billion for ARTC's delivery of the Inland Rail and Adelaide to Tarcoola Rail Upgrade projects. A total of \$515.1 million in equity payments have been paid under these agreements to 30 June 2019 including \$290.7 million during 2018-19 (2018: \$143.4 million).

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Moorebank Intermodal Company Limited (MICL) – facilitates the development of an intermodal freight terminal at Moorebank NSW - a nationally significant infrastructure project that will help Sydney manage the expected growth in freight moving through the city. The Australian Government has entered into an agreement with MICL to provide equity financing for the terminal development. A total of \$380.7 million has been provided under this agreement to 30 June 2019 including \$174.7 million during 2018-19 (2018: \$95 million).
6. Infrastructure Australia (IA) – advises governments, investors and infrastructure owners on a wide range of issues including Australia's current and future infrastructure needs in terms of projects, policy and regulation; and their impact on investment and the efficient delivery, operation and use of national infrastructure.
7. Norfolk Island Health and Residential Aged Care Service (NIHRACS) – a body corporate established under the *Norfolk Island Health and Residential Aged Care Service Act 1986* (NI). NIHRACS provides primarily health, community health and residential aged care services, with capacity for acute care services, on Norfolk Island. NIHRACS operates on the multi-purpose model used throughout Australia in rural and remote locations. NIHRACS is not subject to the PGPA Act but is considered to be controlled by the Australian Government for financial reporting purposes.
8. WSA Co Limited – responsible for the construction and operation of the Sydney West International (Nancy Bird-Walton) Airport at Badgerys Creek NSW. The Australian Government has entered into an agreement with WSA Co Limited to provide equity financing of up to \$5.3 billion over ten years. At total of \$594.0 million in equity payments have been made to 30 June 2019 including \$318.3 million during 2018-19 (2018: \$275.73 million).
9. National Transport Commission (NTC) – advises the Transport and Infrastructure Council on uniform regulatory and operational policies and model legislation for road, rail and intermodal transport.

Other financial assets

During 2018-19, the department acquired biodiversity offset credits (credits) to offset the environmental impact of development at the Western Sydney Airport and Moorebank Logistics Park. Credits are issued by the NSW Office of Environment and Heritage (OEH) under the *Biodiversity Conservation Act 2016* (NSW) for specific ecosystems and species.

Credits are tradable at market prices until retired by the OEH to offset the environmental impact of development as determined by an accredited assessor, based on the ecosystems and species affected. The department recognises credits as a financial asset at fair value on the basis that it holds credits for the purpose of meeting environmental offset obligations with a secondary objective of trading or voluntarily retiring surplus credits. The department also recognises a corresponding provision for the obligation to use credits to offset the impact of development (Note 4.4B).

Accounting Judgements and Estimates

Loans and Receivables

Concessional loans are initially recognised at their fair value. If the rate of interest charged is lower than the counterparty's borrowing rate, the difference between the amortised cost and the fair value of the loan is treated as an expense. The expense is recognised at the inception of the loan agreement and a provision is recognised for the concessional cost of loan advances that have been committed, but not paid, at the reporting date.

WestConnex Stage 2 concessional loan

Advances and loans to commercial entities comprise a concessional loan facility provided to a subsidiary of the Sydney Motorway Corporation for construction of Stage 2 of the WestConnex Motorway in Sydney. The loan facility comprises multiple advances over several years of up to \$2 billion between 22 July 2016 and 2 January 2020.

The fair value of each advance is determined using the present value of expected cash flows, discounted at the prevailing market interest rate. The prevailing market interest rate is fixed for each advance to be consistent with the fixed interest rate in the loan facility agreement. As the loan facility is the first to be made by the Australian Government for a major road project, no comparable products have been identified in the market and the prevailing market interest rate was determined based on external valuation advice.

The department selected the mid-point from the range of market interest rates recommended by the valuer. The range was based on loans considered to have a similar risk profile including other commercial debt obtained by the Sydney Motorway Corporation, private sector toll road operators, regulated utilities and other entities that operate major infrastructure assets in a public/private partnership context.

As the market interest rate is the key determinant of the fair value of the loan, the department undertook a sensitivity analysis in 2016-17 to determine the impact of using the valuer's highest and lowest interest rates which varied by 0.79%. This analysis confirmed that using different interest rates within the recommended range would not materially affect the loan value over the term of the loan. The largest percentage variances occur in the early years of the loan with a 4.4% increase using the lowest rate in the range and a 4.1% decrease using the highest rate, in loan value at 30 June 2018. The variances decline over time and fall below 3% by 2021-22.

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The loan facility also includes mandatory repayment of principal and/or interest in certain circumstances from the 2020-21 financial year. No allowance for these repayments had been made at 30 June 2019 as there are no indicators that these circumstances will arise.

Administered Investments

In the absence of an observable market value for administered investments, the department is required to use an appropriate valuation technique to determine fair value. The use of discounted cash flows is the preferred method for those entities that generate significant non-government cash inflows if the cash flows can be reliably predicted.

NTC, AMSA, CASA, IA, and NIHRACS do not generate significant non-government cash inflows. The department uses the net assets method of valuation for these entities.

MICL and WSA Co have not generated significant non-government cash inflows to date and have been reliant on equity funding from the Australian Government. Therefore, the department has determined the net assets method remains the most appropriate estimate of fair value for these entities at 30 June 2019.

WSA Co has measured the lease of Commonwealth-owned land at the airport site at nil value. The net asset position has been adjusted to incorporate the fair value of the land subject to the airport lease of \$387.5 million (2018: \$370.0 million) as determined by an independent valuer as at 30 June 2019.

Airservices Australia generates significant non-government cash inflows, and its cash flows have been demonstrated to be able to be reliably predicted. The fair value for Airservices Australia at 30 June 2019 has been determined based on the mid-point of a range of values recommended by an independent expert valuer using a discounted cash flow method. The discounted cash flow method incorporated the financial forecasts underpinning the Airservices Australia 2019-20 Corporate Plan, extrapolated for an additional eleven years and an estimated terminal value. As there are no directly comparable entities, the cash flows are discounted using the estimated Airservices Australia weighted average cost of capital, determined with reference to entities that operate in similar industries.

ARTC generates significant non-government cash inflows. Due to the nature of its operations and assets there are no readily comparable market examples for fair value determination purposes. The department has estimated the fair value using a discounted cash flow method with reference to ARTC's valuation of its property, plant and equipment assets, modified for cash flows associated with its other asset and liability categories. As ARTC's property, plant and equipment assets represent a substantial proportion of its total assets, and are valued based on independent expert advice using a discounted cash flow model and the ARTC weighted average cost of capital, this method provides a reasonable basis for determination of fair value.

Confirmations of net assets as at 30 June 2019 are obtained from each of the relevant organisations to support the reported figures.

Biodiversity offset credits (credits)

The fair value of credits is determined with reference to the purchase price of credits for equivalent ecosystems or species that could be purchased from OEHL as at 30 June 2019 using the Biodiversity Offset Calculator available on the OEHL website. Any differences between the carrying value and fair value at 30 June 2019 is reflected in the Administered Schedule of Comprehensive Income.

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4.2. Administered – Non-Financial Assets

4.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment for 2019

	Land \$'000	Buildings \$'000	Artwork \$'000	Heritage and cultural equipment \$'000	Other property, plant & equipment \$'000	Computer software purchased \$'000	Phosphate mine leases \$'000	Total \$'000
As at 1 July 2018								
Gross book value	73,223	164,969	33,662	81,296	391,285	94	6,250	750,779
Accumulated depreciation, amortisation and impairment	-	(32,755)	-	(2)	(56,549)	(31)	(2,501)	(91,838)
Total as at 1 July 2018	73,223	132,214	33,662	81,294	334,736	63	3,749	658,941
Additions								
Purchase	29,837	4,133	-	-	13,807	2	-	47,779
Assets acquired at fair value	18,272	1,876	-	-	1,377	-	-	21,525
Revaluations recognised in net cost of services	-	-	1,934	-	-	-	-	1,934
Revaluations and impairments recognised in other comprehensive income	(29,050)	30,676	-	3,089	41,432	-	4,500	50,647
Depreciation and amortisation	-	(8,818)	-	-	(28,419)	(15)	(1,251)	(38,503)
Reclassifications	-	(194)	-	-	194	-	-	-
Disposals								
Write-downs - Finance Lease	(7,002)	-	-	-	-	-	-	(7,002)
Write-downs - Other	(1,290)	-	-	-	(16)	-	-	(1,306)
Total as at 30 June 2019	83,990	159,887	35,596	84,383	363,111	50	6,998	734,015
Total as at 30 June 2019 represented by								
Gross book value	83,990	162,922	35,596	84,385	373,711	70	6,999	747,673
Accumulated depreciation, amortisation and impairment	-	(3,035)	-	(2)	(10,600)	(20)	(1)	(13,658)
Total as at 30 June 2019	83,990	159,887	35,596	84,383	363,111	50	6,998	734,015

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Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item are disclosed in the heritage and cultural asset class.

No impairment losses were recognised in 2018-19 (2018: Other property, plant and equipment \$0.974 million).

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy below. All asset classes except software were revalued by an independent valuer as at 31 March 2019.

Contractual commitments for the acquisition of property, plant and equipment and intangible assets

At 30 June 2019, the department had contractual commitments of \$7.1 million for other property, plant and equipment (2018: \$4.528 million). Contractual commitments relate to acquisitions in the 2019-20 to 2023-24 financial years.

Accounting Policy

Administered artworks and other heritage and cultural assets

The Administered artworks asset class comprises paintings and other artworks by Sir Sidney Nolan (Nolan collection) with an aggregated value of \$35.5 million (2018: \$33.6 million), along with artworks held on Norfolk Island. The Nolan collection is maintained by the Canberra Museum and Gallery (CMAG), an ACT Government entity, on behalf of the Commonwealth. Curatorial and preservation arrangements are managed in accordance with a Memorandum of Understanding between CMAG and the department. The collection is deemed to have an indefinite useful life.

The Heritage and cultural assets class comprises assets that are held and/or used primarily for purposes that relate to their historical or cultural significance. They include:

- buildings, ruins, reserves and collections on Norfolk Island of historical significance with an aggregated value of \$74.6 million (2017: \$72.4 million). The conservation and preservation of these assets are managed in accordance with the *Kingston and Arthur's Vale Historic Area Heritage Management Plan 2016*
- memorials, reserves and temples on Christmas Island with an aggregated value of \$1.0 million (2018: \$0.6 million) and
- historic aircraft with an aggregated value of \$8.8 million (2018: \$8.3 million) on display at Brisbane Airport, Adelaide Airport and the Queen Victoria Museum and Gallery in Launceston, Tasmania. The conservation and preservation of each aircraft is managed through an agreement with the relevant entity.

All assets in the class are deemed to have indefinite useful lives due to the curatorial and preservation policies and arrangements in place. The policies are developed and monitored by qualified personnel and include the following:

- a clearly stated objective about the holding and preservation of items
- a well-developed plan to achieve the objective, including demonstration of how the policy will be implemented based on advice by appropriately qualified experts
- monitoring procedures and
- periodic reviews.

Administered Intangibles

Administered intangibles include purchased software and phosphate mining lease rights on Christmas Island. The useful lives of administered intangibles are from 1 to 21 years (2018: 1 to 21 years).

Software assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Phosphate mining lease rights are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Accounting Judgements and Estimates

Land

The fair value of land administered on behalf of the Australian Government has been taken to be the market value of similar assets as determined by an independent qualified valuer at 31 March 2019. The fair value of individual land parcels is considered representative of their highest and best use and the fundamental assumption that they could be sold on a freehold basis. The valuer provided advice to confirm there was no material difference in the fair value as at 30 June 2019.

During 2018-19, land at Bringelly NSW was transferred from the Department of Defence. As the transfer was not formally designated as a contribution by owners through equity, the land was recognised at fair value based on independent valuation advice.

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Buildings and other property, plant and equipment

The fair value of buildings and other property, plant and equipment assets, including artworks and other heritage and cultural assets, has been taken to be either the market value or current replacement cost of similar assets as determined by an independent qualified valuer at 31 March 2019, adjusted for subsequent depreciation, acquisitions and disposals. The valuer provided advice to confirm there was no material difference in the fair value as at 30 June 2019.

Artworks, museum collections and other heritage and cultural assets

The fair value of artworks and other collections administered on behalf of the Australian Government have been taken to be the market value of similar assets as determined by an independent qualified valuer at 31 March 2019. High value items are valued on an individual basis. The fair value of museum collections comprising a large number of similar artefacts were valued based on a stratified multi-stage sampling basis. The valuer provided advice to confirm there was no material difference in the fair value as at 30 June 2019.

A revaluation increase for artworks was recognised in the Administered Schedule of Comprehensive Income to offset a previous revaluation decrease expensed in the 2014-15 financial year.

Intangible assets

The fair value of phosphate mining lease rights was determined by an independent qualified valuer as at 31 March 2019, measured as the present value of expected royalties on the estimated phosphate reserves remaining. The valuer provided advice to confirm there was no material difference in the fair value as at 30 June 2019.

Land and structures at Australian Government owned airports and the Moorebank Logistics Park

The land and structures at 21 civilian airports owned by the Australian Government and leased to private sector interests are subject to lease arrangements with an initial lease term of 50 years and a 49-year extension option exercisable by the lessees. Consideration consisted of upfront payments by the lessees, without any subsequent lease payments being payable, including in the event of the exercise of the lease extension option. These leases have been assessed as having no reportable fair value because of the extended period before any future revenue stream will accrue. Land at the Western Sydney Airport site was leased to WSA Co on 17 May 2018 for no consideration for an initial term of 50 years and is also reported at nil value.

Land owned by the Australian Government at Moorebank NSW has been leased to a subsidiary of MICL for 99 years for a nominal annual rental to develop an intermodal freight terminal. The lease has been assessed as having no reportable fair value as the present value of minimum lease payments is negligible.

	2019	2018
	\$'000	\$'000
4.2B: Inventories		
Inventories held for distribution	2,623	2,568
Total inventories	2,623	2,568

Accounting Policy

Inventories

During 2019, \$8.3 million (2018: \$12.6 million) of inventory held for distribution was recognised as an expense.

All inventories are expected to be sold or distributed in the next 12 months.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first in-first out basis and
- finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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4.3 Administered – Payables

	2019	2018
	\$'000	\$'000
4.3A: Suppliers		
Trade creditors and accruals	20,806	20,224
Total suppliers	20,806	20,224

Settlement is usually made within 30 days.

4.3B: Subsidies

Subsidies in connection with

External parties	11,248	11,640
Total subsidies	11,248	11,640

4.3C: Grants

Australian Government entities	5,650	10,728
State and Territory Governments	24	1,578
Local Governments	31,694	-
Non-profit organisations	21,602	11,801
Other	10,118	4,897
Total grants	69,088	29,004

Settlement was due according to the terms and conditions of each grant within 30 days of performance eligibility.

4.3D: Other payables

Salaries and wages	90	87
Superannuation	11	11
Other	320	266
Total other payables	421	364

4.4 Administered – Other Provisions

4.4A: Concessional loan commitments

	Commercial entities \$'000	Local Government \$'000	State & Territory Government \$'000	Total \$'000
As at 1 July 2018	99,588	2,483	-	102,071
Additional commitments made	-	-	1,749	1,749
Remeasurement of commitments	-	532	-	532
Commitments paid	(89,807)	(1,615)	(515)	(91,937)
Unwinding	2,531	92	39	2,662
Total as at 30 June 2019	12,312	1,492	1,273	15,077

	Other Provisions \$'000	Phosphate Mine Rehabilitation \$'000	Total \$'000
4.4B: Other provisions			
As at 1 July 2018	-	3,206	3,206
Additional provisions made	87,702	1,333	89,035
Amounts used	-	(1,267)	(1,267)
Total as at 30 June 2019	87,702	3,272	90,974

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Accounting Policy

Concessional loan commitments

Concessional loan commitments represent the concessional cost of commitments to provide loan advances at a below-market interest rate. Commitments to commercial entities reflect the concessional cost of loan advances that were committed, but not paid, from the WestConnex Stage 2 concessional loan facility as at 30 June 2019. The remaining advances are scheduled to be paid in the 2019-20 financial year.

Commitments to local government entities reflect loan advances that were committed, but not paid, to the Sunshine Coast Regional Council to assist with expansion of the Sunshine Coast Airport. The remaining advances are expected to be paid in 2019-20. The commitment was remeasured on 2018-19 following amendments to the drawdown schedule in the original loan agreement.

Commitments to State and Territory Governments reflect loan advances that were committed, but not paid, to the University of the Sunshine Coast to assist with construction of the Moreton Bay Campus. The remaining advances are expected to be paid in 2019-20.

Other Provisions

The phosphate mine rehabilitation provision reflects the Australian Government's obligation to rehabilitate land on Christmas Island affected by phosphate mining.

Other provisions represent estimated costs to settle legal claims made against the department where settlement is considered probable and constructive obligations to use biodiversity offset credits to offset the environmental impact of development at the Western Sydney Airport and Moorebank Logistics Park. The obligations are derived from the Western Sydney Airport Biodiversity Offset Delivery Plan and arrangements with the Moorebank Intermodal Company.

Accounting Judgements and Estimates

Concessional loan commitments

Concessional loan commitments are initially measured at their fair value, calculated as the present value of cash flows associated with loan advances committed, but not paid, at 30 June 2019, discounted at the prevailing market interest rate.

The provision is subsequently measured at amortised cost and reduced for the concessional component of each advance as it is paid.

Provision for Phosphate Mine Rehabilitation

The provision for phosphate mine rehabilitation is equal to the balance of the Christmas Island Phosphate Mining Rehabilitation Special Account, adjusted for accrued payments and revenue at year end.

Other provisions

Amounts are provided for settlement of claims against the department where settlement is probable and the amount can be reliably estimated using professional judgement.

Amounts provided for Biodiversity offset credits are equivalent to the fair value of the associated financial asset.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding

This section identifies the department's funding structure.

5.1 Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	210,029	23,400	233,429	(239,593)	(6,164)
Capital Budget ⁴	7,966	-	7,966	(11,924)	(3,958)
Total departmental	217,995	23,400	241,395	(251,517)	(10,122)
Administered					
Ordinary annual services					
Capital Budget ⁴	15,492	-	15,492	(16,896)	(1,404)
Administered items	1,798,570	-	1,798,570	(1,234,839)	563,731
Payments to corporate Commonwealth entities	136,531	-	136,531	(136,531)	-
Other services					
States, ACT, NT and Local government	394,637	115,379	510,016	(487,183)	22,833
Administered assets and liabilities	2,146,967	-	2,146,967	(1,509,405)	637,562
Total administered	4,492,197	115,379	4,607,576	(3,384,854)	1,222,722

1. Administered appropriations for ordinary annual services of \$134.3 million were withheld (under s51 of the PGPA Act) mainly due to a movement of funds between years. Departmental adjustments comprise receipts retained under s74 of the PGPA Act. Administered adjustments reflect additional appropriation provided from the Advance to the Finance Minister.

3. The variance in Administered ordinary annual services appropriations is mainly due to underspends in regional grant programs. The variance in Administered asset and liabilities is mainly due to amounts appropriated for the National Water Infrastructure Loan Facility that were not paid in 2018-19 and changes in the timing of equity and other loan payments between financial years. All payments are expected to be made in future years.

4. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1 and 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

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5.1A: Annual Appropriations (Recoverable GST exclusive)¹ (continued)

Annual appropriations for 2018

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	277,088	153	277,241	(254,871)	22,370
Capital Budget ⁴	14,810	(1,400)	13,410	(13,339)	71
Total departmental	291,898	(1,247)	290,651	(268,210)	22,441
Administered					
Ordinary annual services					
Capital Budget ⁴	14,771	-	14,771	(14,083)	688
Administered items	1,448,785	18,906	1,467,691	(922,760)	544,931
Payments to corporate Commonwealth entities	126,022	-	126,022	(126,022)	-
Other services					
States, ACT, NT and Local government	724,630	-	724,630	(731,645)	(7,015)
Administered assets and liabilities	859,697	50,000	909,697	(1,235,951)	(326,254)
Total administered	3,173,905	68,906	3,242,811	(3,030,461)	212,350

1. Departmental appropriations of \$20.3 million were withheld (under s51 of the PGPA Act) for administrative purposes. Administered appropriations of \$544.5 million were withheld, comprising \$376.4 million in Ordinary annual services and \$168.1 million in Administered assets and liabilities mainly due to the movement of funds between years.

2. Departmental adjustments comprise receipts retained under s74 of the PGPA (\$15.2 million) less net amounts transferred under s75 of the PGPA Act (\$16.5 million). Administered adjustments relate to s75 transfers.

3. The variance in Departmental and Administered ordinary annual services appropriations are mainly due to amounts withheld (see note 1 above). The variance in Administered asset and liabilities was mainly due to advances paid under the WestConnex concessional loan which were appropriated in 2015-16.

4. Departmental and Administered Capital Budgets were appropriated through Appropriation Acts (No. 1 and 3). They formed part of ordinary annual services, and are not separately identified in the Appropriation Acts.

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5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019 \$'000	2018 \$'000
Departmental		
<i>Appropriation Act (No.1) 2016-17^{1,2}</i>	17,310	22,709
<i>Appropriation Act (No.1) 2017-18¹</i>	91,551	139,189
<i>Appropriation Act (No.1) 2017-18 Departmental Capital Budget⁴</i>	-	9,111
<i>Appropriation Act (No.3) 2017-18</i>	588	588
<i>Appropriation Act (No.1) 2017-18 Unspent Cash</i>	-	3,010
<i>Appropriation Act (No.1) 2018-19</i>	40,596	-
<i>Appropriation Act (No.1) 2018-19 Departmental Capital Budget⁵</i>	5,153	-
<i>Appropriation Act (No.3) 2018-19</i>	6,624	-
<i>Appropriation Act (No.1) 2018-19 Unspent Cash</i>	2,812	-
Total departmental	164,634	174,607
Administered		
<i>Appropriation Act (No.1) 2015-16</i>	-	427,346
<i>Appropriation Act (No.1) 2015-16 Administered Capital Budget³</i>	-	966
<i>Appropriation Act (No.1) 2015-16 (Administered Assets and Liabilities)</i>	-	660,996
<i>Appropriation Act (No.3) 2015-16</i>	-	9,909
<i>Appropriation Act (No.4) 2015-16 (Payments to States, ACT, NT and local government)</i>	-	16,348
<i>Supply Act (No.1) 2016-17²</i>	264	264
<i>Appropriation Act (No.1) 2016-17^{1,2}</i>	282,319	308,767
<i>Supply Act (No.2) 2016-17 (Administered Assets and Liabilities)</i>	-	35,417
<i>Appropriation Act (No.2) 2016-17 (Administered Assets and Liabilities)</i>	19,758	61,108
<i>Appropriation Act (No.3) 2016-17^{1,2}</i>	22,938	28,023
<i>Appropriation Act (No.4) 2016-17 (Payments to States, ACT, NT and local government)</i>	-	7,715
<i>Appropriation Act (No.4) 2016-17 (Administered Assets and Liabilities)^{1,2}</i>	83,000	91,233
<i>Appropriation Act (No.1) 2017-18¹</i>	357,432	491,648
<i>Appropriation Act (No.1) 2017-18 Administered Capital Budget⁴</i>	-	1,404
<i>Appropriation Act (No.3) 2017-18¹</i>	59,326	92,367
<i>Appropriation Act (No.2) 2017-18 (Administered Assets and Liabilities)¹</i>	248,100	383,054
<i>Appropriation Act (No.2) 2017-18 unspent cash</i>	-	12,433
<i>Appropriation Act (No.1) 2018-19¹</i>	670,128	-
<i>Appropriation Act (No.3) 2018-19¹</i>	92,414	-
<i>Appropriation Act (No.2) 2018-19 (Administered Assets and Liabilities)</i>	773,156	-
<i>Appropriation Act (No.2) 2018-19 Advance to Finance Minister (Payments to States, ACT, NT and local government)¹</i>	30,547	-
<i>Appropriation Act (No.4) 2018-19 (Administered Assets and Liabilities)</i>	96,843	-
Total administered	2,736,225	2,628,998

¹ Includes amounts withheld under PGPA Act s51.

² 2016-17 appropriations lapsed on 1 July 2019 in accordance with the provisions in the appropriation acts.

³ This item was appropriated as part of *Appropriation Act (No.1) 2015-16*

⁴ This item was appropriated as part of *Appropriation Act (No.1) 2017-18*

⁵ This item was appropriated as part of *Appropriation Act (No.1) 2018-19*

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Appropriation applied	
		2019 \$'000	2018 \$'000
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 - section 40(4)</i>	Unlimited amount	303	676
<i>Interstate Road Transport Act 1985 - section 22¹</i>	Unlimited amount	-	74,141
<i>Australian Maritime Safety Authority Act 1990, section 48</i>	Unlimited amount	123,860	123,107
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988</i>	Unlimited amount	122,149	121,513
<i>Sydney Airport Demand Management Act 1997 - section 27(4)</i>	Limited amount	-	-
<i>Australian National Railways Commission Sale Act 1997 - section 67AH(4)</i>	Limited amount	-	-
<i>Public Governance, Performance and Accountability Act 2013 – Section 77</i>	Refund provisions	742	231
<i>Local Government (Financial Assistance) Act 1995 - section 19</i>	Unlimited amount	2,503,742	2,413,416
Total special appropriations applied		2,750,796	2,733,084

¹ Section 22 of the *Interstate Road Transport Act 1985* was repealed on 1 July 2018.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts

5.2A: Special Accounts ('Recoverable GST exclusive')

	Interstate Road Transport Account ¹ 2018 2019 \$'000	BAF Infrastructure Portfolio Special Account ² 2018 2019 \$'000	Services to Other Entities and Trust Moneys ³ 2018 2019 \$'000	Christmas Island Phosphate Mining Rehabilitation Special Account 2016 ⁵ 2018 2019 \$'000	Indian Ocean Territories Special Account ⁶ 2018 2019 \$'000	Jervis Bay Special Account ⁷ 2018 2019 \$'000	Melbourne Airport New Runway Land Acquisition Special Account ⁸ 2018 2019 \$'000				
Balance brought forward from previous period	-	2,506	-	107	246	2,831	2,587	516	390	18	26
Increases											
Appropriation credited to special account	-	74,141	-	-	-	-	-	-	-	-	-
Other receipts	6,586	-	-	3	6	1,363	1,497	17,933	21,673	1,094	1,088
Total increases	6,586	74,141	-	3	6	1,363	1,497	17,933	21,673	1,094	1,088
Available for payments	6,586	76,647	-	110	252	4,194	4,084	26,480	26,941	1,610	1,478
Decreases											
Departmental	-	-	-	-	(142)	-	-	-	-	-	-
Payments made to suppliers	-	-	-	-	(142)	-	-	-	-	-	-
Total Departmental	-	-	-	-	(142)	-	-	-	-	-	-
Administered											
Payments made to suppliers	(6,586)	(76,647)	-	-	-	(1,267)	(1,253)	(25,452)	(18,394)	(1,453)	(962)
Payments made to others	-	-	-	-	(3)	-	-	-	-	-	-
Total Administered	(6,586)	(76,647)	-	-	(3)	(1,267)	(1,253)	(25,452)	(18,394)	(1,453)	(962)
Total decrease	(6,586)	(76,647)	-	-	(145)	(1,267)	(1,253)	(25,452)	(18,394)	(1,453)	(962)
Total balance carried to the next period	-	-	-	110	107	2,927	2,831	1,028	8,547	157	516
Balance represented by											
Cash held in bank account	-	-	-	110	107	-	-	-	-	-	-
Cash held in the Official Public Account	-	-	-	-	-	2,927	2,831	1,028	8,547	157	516
Total balance carried to the next period	-	-	-	110	107	2,927	2,831	1,028	8,547	157	516

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80. Establishing instrument: *Interstate Road Transport Act 1985* (IRT Act); section 21.

Purpose: To provide for payments to the States and Territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce. Amendments to the IRT Act will repeal the special account on 20 October 2019.

2. Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80. Establishing instrument: *Nation-building Funds Act 2008*; section 61. Purpose: To make payments in relation to the creation or development of transport and infrastructure.

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3. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78. Establishing instrument: *Financial Management and Accountability (Establishment of Special Account for Department of Infrastructure and Transport) Determination 2011/08*. Purpose: Expenditure of money temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.
4. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78. Establishing instrument: *PGPA Act Determination (Christmas Island Phosphate Mining Rehabilitation Special Account 2016)*. Purpose: To manage the funding provided for the rehabilitation of phosphate mine sites on Christmas Island in accordance with the requirements of the lease between Phosphate Resources Ltd and the Australian Government.
5. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78. Establishing instrument: *PGPA Act (Indian Ocean Territories Special Account 2014 – Establishment) Determination 02*. Purpose: Delivery of essential services and infrastructure within the Indian Ocean Territories.
6. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78. Establishing instrument: *PGPA Act (Jervis Bay Territory Special Account 2014 – Establishment) Determination 03*. Purpose: Delivery of essential services and infrastructure within the Jervis Bay Territory.
7. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78. Establishing instrument: *PGPA Act (Melbourne Airport New Runway Land Acquisition Special Account – Establishment) Determination 2015/10*. Purpose: Payments associated with the acquisition of land in connection with the Melbourne (Tullamarine) Airport.

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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5.3 Regulatory Charging Summary

	2019 \$'000	2018 \$'000
Amounts applied		
Payments from portfolio bodies	-	-
Departmental		
Annual appropriations	14,615	10,301
Own source revenue	-	-
Administered		
Annual appropriations	-	-
Special appropriations (including special accounts)	123,860	123,107
Total amounts applied	138,475	133,408
Expenses		
Departmental	14,693	10,492
Administered	125,085	122,998
Total expenses	139,778	133,490
External Revenue		
Departmental	-	7
Administered	136,677	135,659
Total external revenue	136,677	135,666
Amounts written off		
Departmental	-	-
Administered	-	-
Total amounts written off	-	-

Regulatory charging activities:

Environment protection at leased federal airports
Coastal trading licences
Motor vehicle safety standards
Australian Maritime Safety Authority levies

Documentation (Cost Recovery Impact Statements) for:

- Environmental Protection at Leased Federal Airports and Coastal Trade Permits
- Noise amelioration at Sydney and Adelaide Airports
- Vehicle Safety Standards

are available at <https://www.infrastructure.gov.au/departments/cost-recovery-implementation-statements/>

Documentation (Cost Recovery Impact Statement) for Australian Maritime Safety Authority Levies is available at:
<https://www.amsa.gov.au/about/fees-levies-and-payments/cost-recovery-implementation-statement-2018-19>

5.4 Net Cash Appropriation Arrangements

	2019 \$'000	2018 \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹	(8,797)	5,728
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(6,843)	(8,095)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(15,640)	(2,367)

¹. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2019	2018
	\$'000	\$'000
6.1A: Employee provisions		
Leave	43,043	37,642
Total employee provisions	43,043	37,642
6.1B: Administered employee provisions		
Leave	3,913	3,661
Total employee provisions	3,913	3,661

Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in *AASB 119 Employee Benefits*) and termination benefits expected to be wholly settled within twelve months of the end of the reporting period are measured at their nominal amounts.

Annual leave and long service leave provisions are classified as 'other long term employee benefits' under AASB 119 as they are not expected to be wholly settled within the next twelve months. Other long term employee benefits are measured as the present value of the expected cash flows.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long term benefits has been determined by reference to the work of the Australian Government Actuary (AGA) as at 31 January 2019. The short hand method in the FRR was used to measure leave entitlements in 2017-18. The short-hand method is only available where reporting entities have less than or equal to 1,000 full-time equivalent employees. The department exceeded this threshold in 2018-19 (taking into account combined departmental and administered employees). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a payable for separation costs where a redundancy offer has been made and accepted by the employee.

Superannuation

The department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the employees' defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay fortnight of the reporting period.

Accounting Judgements and Estimates

Employee provisions for 2018-19 have been calculated using departmental specific probability factors as determined by the AGA. Employee provisions for the previous year were calculated using the standard parameters advised by the Department of Finance.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

Key management personnel (KMP) are those persons having authority for planning, directing and controlling the activities of the department, directly or indirectly. The department has determined KMP to be Portfolio Ministers¹ and permanent members of the department's Executive Board.

KMP comprised the Secretary and Deputy Secretaries. KMP for the previous year included the Secretary, Deputy Secretaries and Chief Operating Officer to 12 April 2018.

KMP remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,678	1,748
Post-employment benefits	277	254
Other long-term employee benefits	67	127
Total key management personnel remuneration expenses¹	2,022	2,129

The total number of KMP included in the above table are five (2018: six)³

1. Remuneration reported in this note excludes the remuneration and other benefits of Portfolio Ministers. Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.
2. Remuneration is reported on an accrual basis and excludes short-term acting arrangements.
3. The department had four KMP positions in 2018-19 (2018: five). The total number of KMP above includes employees occupying KMP positions for part of the year.

6.3 Related Party Disclosures

Related party relationships:

The department is an Australian Government controlled entity. Related parties to the department are key management personnel (see Note 6.2 above), other Australian Government entities and the Norfolk Island Health and Residential Aged Care Service (see Note 4.1D).

Transactions with related parties:

The following transactions with related parties occurred during the financial year and are considered to be significant due to their size and/or nature:

Transaction	Related party	Note	2019 \$'000	2018 \$'000
Grants administration	Department of Industry, Innovation and Science	1.1B	13,082	11,681
Grants	National Capital Authority	1.1C	500	-
	Australian Transport Safety Bureau	1.1C	680	-
Revenue for airport site preparatory activities	WSA Co Ltd		99,600	146,100
Fair value of leases ¹	WSA Co Ltd	2.1F	850	333,825
Equity payments	Moorebank Intermodal Company Ltd	4.1D	174,733	95,000
	Australian Rail Track Corporation Ltd	4.1D	290,705	143,430
	WSA Co Ltd	4.1D	318,307	275,730
Service Delivery Agreement	Norfolk Island Health and Residential Aged Care Service	2.1B	11,839	10,339

¹: Land was leased to WSA Co Ltd in 2017-18 for no consideration.

The department enters into other transactions with Australian Government entities in the normal course of business that are not considered to be significant. Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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7. Managing Uncertainties

This section analyses how the department manages financial risks within its operating environment.

7.1 Contingent Assets and Liabilities

7.1A: Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent assets				
Balance from previous period	-	-	-	-
New contingent assets recognised	49	-	49	-
Total contingent assets	49	-	49	-
Net contingent assets/(liabilities)	49	-	49	-

Quantifiable contingencies

Insurance claim

An insurance claim has been submitted to recover costs for storm damage in the Canberra offices. The claim is contingent on acceptance by the department's insurer.

Unquantifiable Contingencies

Legal matters

The department, on behalf of the Commonwealth, is party to several matters before the Federal Court of Australia. Costs may be awarded to or against the Commonwealth for these matters, subject to the Court's decisions. The potential costs or gains cannot be reliably estimated.

7.1B: Administered - Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent assets				
Balance from previous period	510	1,938	510	1,938
New contingent assets recognised	623	20	623	20
Re-measurement	259	7	259	7
Assets realised	(153)	(1,455)	(153)	(1,455)
Total contingent assets	1,239	510	1,239	510
Contingent liabilities				
Balance from previous period	12,488	12,255	12,488	12,255
Re-measurement	(12,488)	233	(12,488)	233
Total contingent liabilities	-	12,488	-	12,488
Net contingent assets/(liabilities)	1,239	(11,978)	1,239	(11,978)

Quantifiable Administered Contingent Assets

Insurance claims have been submitted to recover costs for damage to properties and infrastructure on Christmas Island and the Jervis Bay Territory.

Unquantifiable Administered Contingent Liabilities

Asbestos Remediation costs

The department maintains registers of Australian Government owned properties in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island where materials containing asbestos have been identified. Asbestos management plans are in place for these properties that include ongoing monitoring and removal or encapsulation of materials containing asbestos where necessary. The department may incur remediation costs in the future if conditions change, such as through damage or renovation.

Contingent liabilities were previously quantified for remediation costs in the Indian Ocean Territories and the Jervis Bay Territory based on indexation of estimated costs determined in 2011 and 2015 respectively. These

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

estimates are no longer reliable. Revised cost estimates have not been obtained as appropriate management actions are in place and the difficulty in obtaining reliable estimates due to the uncertainties around the timing of future cash flows and remoteness of the locations.

Potential asbestos and other contamination has also been identified in several sites on Commonwealth-owned land in Western Sydney that may require remediation. The amount and timing of future cash flows if remediation is required at these sites cannot be reliably estimated.

Remote unquantifiable contingent liabilities

The department, on behalf of the Australian Government, has entered into the following indemnities and arrangements which are considered significant in nature and were disclosed in *2019-20 Budget Paper No.1 – Statement of Risks*. The probability the department will incur costs as a result of these arrangements is considered remote and no claims have been identified at 30 June 2019.

Moorebank Intermodal Terminal – Indemnities

Indemnities have been provided in connection with the development of the Moorebank Intermodal Terminal, including:

- (a) protection for the Directors and Officers of the Moorebank Intermodal Company Ltd (MICL) against civil claims relating to their employment and conduct. The indemnities apply to the period of appointment as Directors or Officers of the company
- (b) costs that may be incurred by MICL in the event that the Commonwealth terminates the Equity Funding Agreement between the Commonwealth and MICL for reasons other than a breach by MICL
- (c) costs and liabilities incurred by the private sector owner of the Glenfield Waste Site for any easement for the rail spur across the Glenfield Waste Site, to the extent that such costs or liabilities are caused, or contributed to, by the Commonwealth or its agents and
- (d) costs and liabilities that may be incurred by the State of NSW arising under the *Native Title Act 1993* (Cth) associated with the construction of a rail bridge over the Georges River to the Moorebank Intermodal Terminal.

WSA Co Limited - Indemnities

Indemnities have been provided in connection with the establishment of WSA Co, including:

- (a) protection for Directors of WSA Co Limited to protect them against certain claims relating to their employment as Directors. Unless the indemnity agreements are varied or brought to an end, they cease to apply from the date the Commonwealth has fully satisfied its obligations to subscribe for equity to WSA Co pursuant to the WSA Co Equity Subscription Agreement
- (b) liabilities and costs that may be incurred by WSA Co in the event the Commonwealth terminates the Equity Subscription Agreement between WSA Co and the Commonwealth.

Inland Rail – Termination of the Equity Financing Agreement

The Australian Government will provide sufficient funding to cover all costs and liabilities incurred by the Australian Rail Track Corporation (ARTC) for delivery of Inland Rail in the event that the Commonwealth terminates the Equity Financing Agreement between the Commonwealth and the ARTC.

Tripartite deeds relating to the sale of federal leased airports

The tripartite deeds between the Australian Government, the airport lessee company and financiers, amend airport (head) leases to provide for limited step-in-rights for financiers in circumstances where the Australian Government terminates the head lease to enable the financiers to correct the circumstances that triggered such a termination event. The tripartite deeds may require the Australian Government to pay financiers compensation as a result of terminating the (head) lease, once all Australian Government costs have been recovered.

New South Wales Rural Fire Fighting Service - indemnity

The New South Wales Rural Fire Service (NSW RFS) provides fire-fighting services in the Jervis Bay Territory (JBT). Due to the cross-border delivery of fire services from NSW to the JBT, the NSW RFS requires the Australian Government to provide an uncapped indemnity whereby the Australian Government would be liable for any damages, arising in good faith, from the provision of the agreed scope of fire management services. The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote. Risks are mitigated through the training and professional qualifications of NSW RFS staff.

Australian Maritime Safety Authority Incident Costs

In the normal course of operations, the Australian Maritime Safety Authority (AMSA) is responsible for the provision of funds necessary to meet the clean-up costs arising from ship-sourced marine pollution and, in all circumstances, is responsible for making appropriate efforts to recover the costs of any such incidents. The Australian Government has a constructive obligation to meet costs that cannot be recovered from such incidents. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these incident costs. AMSA maintains a separate pollution response funding capability to meet such unplanned expenditure.

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Service Delivery Arrangement Indemnities — Indian Ocean Territories, Jervis Bay Territory and Norfolk Island
A range of services are delivered to the Indian Ocean Territories (Christmas Island and Cocos (Keeling) Islands) under Service Delivery Agreements (SDAs) with forty-five Western Australian (WA) Government entities. The Australian Government has provided certain indemnities for the WA Government, their respective officers, agents, contractors and employees against civil claims relating to their employment and conduct as officers.

From 1 July 2016, the New South Wales (NSW) Government has provided a range of services to the Norfolk Island Community through a Heads of Agreement. The Australian Government provides certain indemnities for the State of NSW and NSW Authorities and officials with respect of the delivery of services to Norfolk Island.

The Australian Capital Territory (ACT) provides a number of services to the Jervis Bay Territory under Memorandums of Understanding. The Australian Government has provided certain indemnities for the ACT Government authorities and officials in respect of the delivery of services to the Jervis Bay Territory.

The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote and the risks are currently mitigated through the training and professional qualifications of the staff of these entities.

Potential per- and poly-fluoroalkyl substances contamination — federally leased airports
Airservices Australia has identified a number of sites in Australia that potentially have been contaminated with per- and poly-fluoroalkyl substances (PFAS) previously contained in firefighting foams.

The identified contaminants do not naturally break down in the environment. According to the Environmental Health Standing Committee (enHealth), a joint Commonwealth-State standing committee of the Australian Health Protection Principal Committee (AHPPC), which reports to the Australian Health Ministers Advisory Committee (AHMAC), there is currently no consistent evidence that exposure to PFAS causes adverse human health effects. Up to 37 airport sites are potentially contaminated with PFAS including 20 federally leased airports.

For federally leased airports, the Airport Lessee Companies are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment. Liability has not yet been established for costs arising from PFAS contamination.

Currently, there are three class actions against the Commonwealth seeking damages over the use of historical PFAS-containing firefighting foam by the Department of Defence at Williamtown, Oakey and Katherine (Tindal), with potential implications for the department and Airservices Australia (Airservices). Brisbane Airport has also commenced legal proceedings in the Queensland Supreme Court against Airservices in relation to legacy PFAS contamination from Airservices firefighting activities at the airport.

Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position or Administered Schedule of Assets and Liabilities but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Accounting Judgements and Estimates

Indemnities and/or guarantees

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe that the indemnities and/or guarantees would be called upon, and no recognition of any liability was therefore required.

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7.2 Financial Instruments

	2019	2018
	\$'000	\$'000
7.2A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		3,010
Trade receivables		3,609
Accrued revenue		1,593
Total loans and receivables		8,212
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	2,812	
Trade receivables	1,496	
Accrued revenue	1,585	
Total financial assets at amortised cost	5,893	
Total financial assets	5,893	8,212
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	858	3,134
Accrued expenses	15,762	17,889
Total financial liabilities measured at amortised cost	16,620	21,023
Total financial liabilities	16,620	21,023

The carrying value of financial assets and liabilities is a reasonable approximation of fair value.

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3.1A	Held to maturity	Amortised Cost	3,010	3,010
Trade receivables	3.1B	Loans and receivable	Amortised Cost	3,609	3,609
Accrued revenue	3.1B	Loans and receivable	Amortised Cost	1,593	1,593
Total financial assets				8,212	8,212

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivable				
Cash and cash equivalents	3,010	-	-	3,010
Trade receivables	3,609	-	-	3,609
Accrued revenue	1,593	-	-	1,593
Total amortised cost	8,212	-	-	8,212

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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7.2B: Net Gains or Losses on Financial Assets

Financial assets at amortised cost

Impairment	41	14
Net gains/(losses) on financial assets at amortised cost	41	14
Net gains/(losses) on financial assets	41	14

There was no income or expense associated with financial liabilities during the financial year.

Accounting Policy

Financial assets

The department has classified its financial assets in the following categories on implementation of AASB 9 *Financial Instruments* for the first time in 2018-19:

- financial assets at fair value through other comprehensive income, and
- financial assets measured at amortised cost.

The classification depends on both the department's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the department becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognise when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- The financial asset is held in order to collect contractual cash flows and
- The cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest rate method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased or remains low.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as 'financial liabilities at amortised cost'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at amortised cost

Financial liabilities, including borrowings and concessional loan commitments, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

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7.3 Administered – Financial Instruments

	2019	2018
	\$'000	\$'000
7.3A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Held-to-maturity investments		
Cash and cash equivalents		12,433
Total held-to-maturity investments		12,433
Loans and receivables		
Concessional loans		2,147,525
Other receivables - fees receivable		1,966
Other financial assets		6,177
Total loans and receivables		2,155,668
Available-for-sale financial assets		
Investments		5,380,447
Total available-for-sale financial assets		5,380,447
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	7	
Concessional loans	2,771,023	
Other receivables - fees receivable	2,490	
Accrued revenue	2,248	
Total financial assets at amortised cost	2,775,768	
Financial assets at fair value through other comprehensive income		
Investments	5,099,211	
Total financial assets at fair value through other comprehensive income	5,099,211	
Total financial assets	7,874,979	7,548,548
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	20,806	20,224
Subsidies payable	11,248	11,640
Grants payable	69,088	29,004
Concessional loan commitments	15,077	102,071
Total financial liabilities measured at amortised cost	116,219	162,939
Total financial liabilities	116,219	162,939

The carrying value of financial assets and liabilities is a reasonable approximation of fair value.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
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Classification of financial assets on the date of initial application of AASB 9					
Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	4.1A	Held to maturity	Amortised Cost	12,433	12,433
Concessional loans	4.1B	Loans and receivable	Amortised Cost	2,147,525	2,147,525
Other receivables - fees receivable	4.1B	Loans and receivable	Amortised Cost	1,966	1,966
Accrued revenue	4.1E	Loans and receivable	Amortised Cost	6,177	6,177
Investments	4.1D	Available-for-sale financial assets	FVOCI	5,380,447	5,380,447
Total financial assets				7,548,548	7,548,548
Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9					
		AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost					
Loans and receivables					
Cash and cash equivalents		12,433			12,433
Concessional loans		2,147,525			2,147,525
Other receivables - fees receivable		1,966			1,966
Accrued revenue		6,177			6,177
Total amortised cost		2,168,101	-	-	2,168,101
Financial assets at fair value through other comprehensive income					
Available-for-sale financial assets					
Investments		5,380,447			5,380,447
Total fair value through other comprehensive income		5,380,447	-	-	5,380,447

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
7.3B: Net Gains and Losses on Financial Assets		
Financial assets at amortised cost		
Interest revenue	105,051	74,420
Concessional loan expenses	(4,943)	(10,246)
Impairment	(592)	(766)
Net gains/(losses) on financial assets at amortised cost	99,516	63,408
Financial assets at fair value through other comprehensive income		
Dividend revenue	78,112	84,289
Gains/(losses) recognised in other comprehensive income	(1,064,981)	89,738
Net gains/(losses) on financial assets at fair value through other comprehensive income	(986,869)	174,027
Net gains/(losses) on financial assets	(887,353)	237,435

There was no income or expense associated with financial liabilities during the financial year.

7.3C: Fair Value of Financial Instruments

	Carrying amount 2019 \$'000	Fair value 2019 \$'000	Carrying amount 2018 \$'000	Fair value 2018 \$'000
Financial Assets				
Cash and cash equivalents	7	7	12,433	12,433
Concessional loans	2,771,023	2,771,023	2,147,525	2,147,525
Other receivables - fees receivable	2,490	2,490	1,966	1,966
Accrued revenue	2,248	2,248	6,177	6,177
Investments	5,099,211	5,099,211	5,380,447	5,380,447
Total financial assets	7,874,979	7,874,979	7,548,548	7,548,548
Financial Liabilities				
Trade creditors and accruals	20,806	20,806	20,224	20,224
Subsidies payable	11,248	11,248	11,640	11,640
Grants payable	69,088	69,088	29,004	29,004
Concessional loan commitments	15,077	15,077	102,071	102,071
Total financial liabilities	116,219	116,219	162,939	162,939

7.3D: Credit Risk

The department's exposure to credit risk is mainly associated with loans to commercial entities. The department's credit risk exposure to credit risk for other financial assets is low as the majority of assets represent loans to State, Territory and local government entities, other receivables and shares in government controlled and funded entities. The department has policies and procedures in place that guided employees on the debt recovery techniques that were to be applied.

The department assessed expected credit losses on loans and receivables and made an allowance for impairment where appropriate.

The carrying amount of financial assets are considered to best represent the maximum exposure to credit risk.

The department considered whether the credit risk of loans has increased significantly based on assessments of budget papers for state government entities, compliance with loan conditions, reports from credit rating agencies (where available) and other publicly available information.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3E: Liquidity Risk

The department's administered financial liabilities were trade creditors, subsidies payable and grants payable.

The department's administered activities were funded primarily by appropriation from the Australian Government. The department manages its budgeted administered funds to ensure that it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2019

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	-	20,806	-	-	-	20,806
Subsidies payable	-	11,248	-	-	-	11,248
Grants payable	-	69,088	-	-	-	69,088
Loans	-	15,077	-	-	-	15,077
Total	-	116,219	-	-	-	116,219

Maturities for non-derivative financial liabilities in 2018

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	-	20,224	-	-	-	20,224
Subsidies payable	-	11,640	-	-	-	11,640
Grants payable	-	29,004	-	-	-	29,004
Loans	-	88,069	14,002	-	-	102,071
Total	-	148,937	14,002	-	-	162,939

Note 7.3F: Market Risk

The department held basic financial instruments that did not expose the department to certain market risks such as 'Currency risk' or 'Other price risk'.

Interest rate risk

The department is exposed to interest rate risk primarily from administered investments that are valued using the discounted cash flow method. The only interest-bearing items on the statement of financial position were 'loans to State and Territory Governments'. All of these loans bear interest at a fixed interest rate and their values did not fluctuate due to changes in the market interest rate.

Sensitivity analysis of the risk that the department is exposed to for 2019

Risk Variable	Change in risk variable %	Effect on	
		Net cost of services \$'000	Equity \$'000
Administered investments using discounted cash flows	Discount rate (+0.2%)	-	(209,580)
Administered investments using discounted cash flows	Discount rate (-0.2%)	-	217,233

Sensitivity analysis of the risk that the department was exposed to for 2018

Risk Variable	Change in risk variable %	Effect on	
		Net cost of services \$'000	Equity \$'000
Administered investments using discounted cash flows	Discount rate (+0.2%)	-	(134,199)
Administered investments using discounted cash flows	Discount rate (-0.2%)	-	214,631

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.4 Administered – Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period		Category (Level 1, 2 or 3)	Valuation Technique (s) and Inputs Used
	2019	2018		
	\$'000	\$'000		
Financial assets				
Investments accounted for using the net assets method	974,453	775,877	3	Net assets of entities at balance date, proportionate of the Australian Government's interest.
Investments accounted for using the discounted cashflow method	4,124,758	4,604,570	3	Present value of future net cash flows, proportionate of the Australian Government's interest.
Biodiversity offset credits at fair value through profit and loss	86,702	-	2	Market value of equivalent ecosystem or species credits
Non-financial assets²				
Land	52,110	39,231	2	Market value of similar assets as determined by an independent qualified valuer.
Land	31,880	33,993	3	Estimated market value of similar assets as determined by an independent qualified valuer.
Buildings	46,648	45,552	2	Market value of similar assets as determined by an independent qualified valuer.
Buildings	113,239	86,662	3	Current replacement cost as determined by an independent qualified valuer.
Artwork	35,596	33,662	2	Market value of similar assets as determined by an independent qualified valuer.
Heritage and Cultural	43,055	40,002	2	Market value of similar assets as determined by an independent qualified valuer.
Heritage and Cultural	41,328	41,291	3	Current replacement cost as determined by an independent qualified valuer.
Other property, plant and equipment	856	214	2	Market value of similar assets as determined by an independent qualified valuer.
Other property, plant and equipment	362,255	334,522	3	Current replacement cost as determined by an independent qualified valuer.
Intangibles - Phosphate mine lease	6,998	3,749	3	Present value of future royalty cash flows as determined by an independent qualified valuer.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Fair Value Measurements

The department deems transfers between levels of the fair value hierarchy to have occurred at the date of the event or change in circumstances that caused the transfer.

The fair value of investments accounted for using the net asset method is based on advice from each entity on their net asset position at the end of the reporting period.

The fair value of investments accounted for using the discounted cash flow method comprise Airservices Australia and the Australian Rail Track Corporation (ARTC). The fair value of the investment in Airservices Australia was based on advice from a valuation expert using a discounted cash flow method. The fair value of the investment in ARTC was determined in accordance with the policies, judgements and estimates reported in Note 4.1.

The fair value of non-financial assets reported in Notes 3.2A and 4.2A were determined based on advice from valuation experts. The experts provided written assurance to the department that the model used to value the assets was in compliance with AASB 13 and represents their highest and best use

7.4B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Financial assets				Non-financial assets								
	Investments accounted for using the net assets method		Investments accounted for using the discounted cash flow method		Land	Buildings		Heritage and Cultural		Other property, plant and equipment		Intangibles - Phosphate mine	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000
As at 1 July	775,877	377,043	4,604,570	4,399,506	33,993	33,993	86,662	83,964	41,291	41,291	334,521	355,593	3,749
Total gains/(losses) recognised in net cost of services ¹	-	-	-	-	(940)	-	(3,325)	(4,797)	-	-	(26,963)	(27,610)	(1,251)
Total gains/(losses) recognised in other comprehensive income ²	(294,464)	28,104	(770,517)	143,430	(592)	-	25,697	-	35	-	40,924	(975)	4,500
Purchases	493,040	370,730	290,705	61,634	-	-	4,133	7,495	-	-	13,663	7,513	-
Transfers into Level 3	-	-	-	-	-	-	72	-	-	-	110	-	-
Transfers out of Level 3	-	-	-	-	(581)	-	-	-	-	-	-	-	-
Total as at 30 June	974,453	775,877	4,124,758	4,604,570	31,880	33,993	113,239	86,662	41,328	41,291	362,255	334,521	6,998
Changes in unrealised gains/(losses) recognised in net cost of services for	198,576	398,834	(479,812)	205,064	(2,113)	-	26,577	2,698	37	-	27,734	(21,072)	3,250
1. These gains and losses are presented in the Schedule of Comprehensive Income under depreciation and amortisation expenses and write-down and impairment of other assets													
2. These gains and losses are presented in the Schedule of Comprehensive Income under Changes in asset revaluation surplus.													

1. These gains and losses are presented in the Schedule of Comprehensive Income under depreciation and amortisation expenses and write-down and impairment of other assets.

2. These gains and losses are presented in the Schedule of Comprehensive Income under Changes in asset revaluation surplus.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information

8.1 Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000

8.1A: Aggregate Assets and Liabilities

Assets expected to be recovered in:

No more than 12 months	138,074	148,195
More than 12 months	39,113	34,587

Total assets

	177,187	182,782
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Liabilities expected to be settled in:

No more than 12 months	29,627	33,508
More than 12 months	36,050	30,090

Total liabilities

	65,677	63,598
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8.1B: Administered - Aggregate Assets and Liabilities

Assets expected to be recovered in:

No more than 12 months	178,380	99,848
More than 12 months	8,553,683	8,136,596

Total assets

	8,732,063	8,236,444
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Liabilities expected to be settled in:

No more than 12 months	208,646	153,551
More than 12 months	2,881	16,619

Total liabilities

	211,527	170,170
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8.2 Assets Held in Trust

Monetary assets

Monetary assets held in trust are also disclosed in Note 5.2A - Special Accounts in the tables titled 'Services for Other Entities and Trust Moneys.'

The Trust accounts are for moneys received from other Government and non-agency bodies, or moneys which are required to be held in trust for the benefit of a person other than the Commonwealth.

These monies are not available for other purposes of the Department and are not recognised in the financial statements.

	2019	2018
	\$'000	\$'000
Services to Other Entities and Trust Moneys - Department of Infrastructure, Regional Development and Cities		
As at 1 July	107	246
Receipts	3	6
Payments	-	(145)
Total as at 30 June	110	107
Total assets held in trust	110	107

The department had no non-monetary assets held in trust as at 30 June 2019 (2018: Nil).

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.3 Restructuring

8.3A: Departmental Restructuring

	2019	2018	2018
		Cities and population policy Department of the Prime Minister and Cabinet ¹	Water infrastructure policy Department of Agriculture and Water Resources ²
	\$'000	\$'000	\$'000
FUNCTION ASSUMED			
Assets recognised			
Trade and other receivables	-	1,192	305
Total assets recognised	-	1,192	305
Liabilities recognised			
Employee provisions	-	1,192	305
Total liabilities recognised	-	1,192	305
Net assets/(liabilities) recognised	-	-	-
Income			
Recognised by the receiving entity	-	2,473	351
Recognised by the losing entity	-	4,950	1,093
Total Income	-	7,423	1,444
Expenses			
Recognised by the receiving entity	-	2,473	351
Recognised by the losing entity	-	4,950	1,093
Total expenses assumed	-	7,423	1,444

The department changed its name from the Department of Infrastructure, Regional Development and Cities to the Department of Infrastructure, Transport, Cities and Regional Development following changes to the Administrative Arrangements Order (AAOs) on 29 May 2019.

1. Cities and population policy functions were assumed from the Department of the Prime Minister and Cabinet during 2017-18 due to amendments to the Administrative Arrangements Order on 20 December 2017. The effective date for the transfer of assets and liabilities was 22 February 2018.
2. The water infrastructure policy function was assumed from the Department of Agriculture and Water Resources during 2017-18 following an announcement by the Prime Minister on 19 December 2017. The effective date for the transfer of assets and liabilities was 22 February 2018.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
		Transport security Department of Home Affairs ³
	\$'000	\$'000
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash and cash equivalents	-	27
Trade and other receivables	-	9,244
Accrued revenue	-	108
Land and buildings	-	3,251
Property, plant and equipment	-	351
Intangibles	-	2,432
Other non-financial assets	-	435
Total assets relinquished	-	15,848
Liabilities relinquished		
Suppliers payable	-	323
Other payables	-	805
Employee provisions	-	8,427
Other provisions	-	290
Total liabilities relinquished	-	9,845
Net assets/(liabilities) relinquished	-	(6,003)

The population policy function was transferred to the Department of the Treasury following changes to the AAOs on 29 May 2019. No resources were transferred with the function.

3. Transport security functions were relinquished to the Department of Home Affairs during 2017-18 due to amendments to the Administrative Arrangements Order on 20 December 2017. The effective date for the transfer of assets and liabilities was 31 January 2018, except for employee provisions. The majority of employee provisions were transferred on 8 February 2018 with provisions for a further seventeen employees transferred on 8 March 2018.
4. The net assets relinquished as a result of restructuring were \$6.0 million.
5. In respect of functions assumed, the net book values of assets and liabilities were transferred for no consideration.
6. The net cost of services reported in the Statement of Comprehensive Income includes the following expenses and income incurred on behalf of the Department of Home Affairs for the transport security function between 20 December 2017 and the actual transfer of functions:

	\$'000
Expenses	
Employee benefits	3,911
Supplier expenses	1,175
Depreciation and amortisation	187
Finance costs (unwinding of discount)	1
Total expenses	5,274
Own-source income	
Sale of goods and rendering of services	45
Net cost of services	5,229
Revenue from government	5,229
Surplus/(deficit)	-

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, CITIES AND REGIONAL DEVELOPMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.3B: Administered Restructuring

	2019	2018	2018
		Cities and population policy Department of the Prime Minister and Cabinet ¹	Water infrastructure policy Department of Agriculture and Water Resources ²
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Expenses assumed			
Recognised by the receiving entity	-	4,159	3,000
Recognised by the losing entity	-	8,128	1,000
Total expenses assumed	-	12,287	4,000

^{1.} Cities and population policy functions were assumed from the Department of the Prime Minister and Cabinet during 2017-18 due to amendments to the Administrative Arrangements Order on 20 December 2017.

^{2.} The water infrastructure policy function was assumed from the Department of Agriculture and Water Resources during 2017-18 following an announcement by the Prime Minister on 19 December 2017.

^{3.} There were no administered assets or liabilities assumed or relinquished.





PART 6

Appendices

Appendix A: Entity resource statements and expenses for outcomes

Table A.1 Entity resource statement

	Actual available appropriation ¹ 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
Departmental Annual appropriations			
Ordinary annual services ²			
Departmental resourcing ³	416,151	251,517	164,634
Total departmental resourcing	416,151	251,517	164,634
Administered Annual appropriations⁴			
Ordinary annual services ²			
Outcome 1	535,579	148,526	
Outcome 2	546,465	303,736	
Outcome 3	2,156,614	630,495	
Outcome 4	193,278	152,082	
Administered Capital Budget ⁵	18,121	16,896	
Payments to corporate entities ⁶	136,531	136,531	
Other services — non-operating⁷			
Prior year appropriations available	1,694,249		
Administered assets and liabilities	2,146,967	1,509,405	
Other services — specific payments to states, ACT, NT and local government⁴			
Outcome 1	364,546	364,516	
Outcome 3	200,080	122,667	
Total available Administered annual appropriations	7,992,430	3,384,854	
Administered Special appropriations			
Total available Administered special appropriations		2,750,796	
Special Accounts			
Opening balance	11,912		
Appropriation receipts ⁸	-		
Non-Appropriation receipts to Special Accounts ⁹	27,294		
Payments made		34,978	
Total available Special Accounts	39,206	34,978	4,228
Total Administered resourcing	8,031,636	6,170,628	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or payments to corporate entities through annual appropriations	(136,531)	(171,509)	
Total net resourcing and payments	8,311,256	6,250,636	

- Figures in the table represent actual appropriations provided less any legally recognised reductions as outlined in Note-5.1B of the 2018–19 Financial Statements.
- Appropriation Act (No. 1) 2018–19 and Appropriation Act (No. 3) 2018–19.
- Actual available appropriations for 2018–19 include prior year departmental appropriation and s74 relevant entity receipts.
- Actual available appropriations for 2018–19 include retained administered funds from previous years.
- Administered capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items.
- 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the PGPA Act.
- Appropriation Act (No. 2) 2018–19 and Appropriation Act (No. 4) 2018–19.
- Appropriation receipts from departmental appropriation and special appropriations.
- Non-Appropriation receipts from the Interstate Road Transport Special Account, Christmas Island Phosphate Mining Rehabilitation Special Account, Indian Ocean Territories Special Account 2014, Jervis Bay Territory Special Account 2014 and the Melbourne Airport New Runway Land Acquisition Special Account.

Table A.2 Expenses for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 1.1: Infrastructure investment			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	139,167	138,944	(223)
Other Services (Appropriation Act No. 2)	364,516	364,516	-
Special Appropriations	100	-	(100)
Payments to corporate entities	11,514	11,514	-
Expenses not requiring appropriation in the Budget year ²	50,999	50,999	-
Departmental expenses			
Departmental appropriation ³	51,844	50,369	(1,475)
s74 retained revenue receipts	1,276	3,666	2,390
Expenses not requiring appropriation in the Budget year ⁴	1,689	1,853	164
Total for Program 1.1	621,105	621,861	756
Outcome 1 Total	621,105	621,861	756
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	139,167	138,944	(223)
Other Services (Appropriation Act No. 2)	364,516	364,516	-
Special Appropriations	100	-	(100)
Payments to corporate entities	11,514	11,514	-
Expenses not requiring appropriation in the Budget year ²	50,999	50,999	-
Departmental expenses			
Departmental appropriation ³	51,844	50,369	(1,475)
s74 retained revenue receipts	1,276	3,666	2,390
Expenses not requiring appropriation in the Budget year ⁴	1,689	1,853	164
Total expenses for Outcome 1	621,105	621,861	756
Average staffing level (number)	230	223	(7)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services (Appropriation Act No. 1 and Appropriation Act No. 3)'.

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses and expenses that are reduced by associated receipts.

Table A.3 Expenses for Outcome 2: An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 2.1: Surface transport²			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	226,680	203,684	(22,996)
Special Appropriations	124,960	124,324	(636)
Special Accounts	226	6,586	6,360
Payments to corporate entities	80,009	80,009	-
Expenses not requiring appropriation in the Budget year ³	(100)	(161)	(61)
Departmental expenses			
Departmental appropriation ⁴	18,526	18,931	405
s74 retained revenue receipts	485	1,475	990
Expenses not requiring appropriation in the Budget year ⁵	705	795	90
Total for Program 2.1	451,491	435,643	(15,848)
Program 2.2: Road safety			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	4,000	4,000	-
Special Appropriations	50	28	(22)
Expenses not requiring appropriation in the Budget year ³	(50)	186	236
Departmental expenses			
Departmental appropriation ⁴	20,395	19,648	(747)
s74 retained revenue receipts	541	1,514	973
Expenses not requiring appropriation in the Budget year ⁵	786	827	41
Total for Program 2.2	25,722	26,203	481
Program 2.3: Air transport			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	110,224	105,010	(5,214)
Special Appropriations	124,450	122,683	(1,767)
Special Accounts	1,000	220	(780)
Payments to corporate entities	43,936	43,936	-
Expenses not requiring appropriation in the Budget year ³	38	6,007	5,969
Departmental expenses			
Departmental appropriation ⁴	49,753	52,474	2,721
s74 retained revenue receipts	3,866	4,510	644
Expenses not requiring appropriation in the Budget year ⁵	1,253	1,418	165
Total for Program 2.3	334,520	336,258	1,738
Outcome 2 Total	811,733	798,104	(13,629)

continued...

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Act No. 1 and No. 3)	340,904	312,694	(28,210)
Special Appropriations	249,460	247,035	(2,425)
Special Accounts	1,226	6,806	5,580
Payments to corporate entities	123,945	123,945	-
Expenses not requiring appropriation in the Budget year ³	(112)	6,032	6,144
Departmental expenses			
Departmental appropriation ⁴	88,674	91,053	2,379
s74 retained revenue receipts	4,892	7,499	2,607
Expenses not requiring appropriation in the Budget year ⁵	2,744	3,040	296
Total expenses for Outcome 2	811,733	798,104	(13,629)
Average staffing level (number)	373	365	(8)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 The numbering of the department's programs has changed as a result of the transfer of the Transport Security program (previously 2.1 – Transport Security) to the Department of Home Affairs in 2017–18. There has been no change to the programs other than an update to reflect sequential numbering.

3 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

4 Departmental appropriation includes 'Ordinary annual services (Appropriation Act No. 1 and Appropriation Act No. 3)'.

5 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses and expenses that are reduced by associated receipts.

Table A.4 Expenses for Outcome 3: Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 3.1: Regional development			
Administered expenses			
Ordinary Annual Services (Appropriation Acts No. 1 and No. 3)	806,479	593,055	(213,424)
Other Services (Appropriation Acts No. 2, and No. 4)	85,500	54,953	(30,547)
Special Appropriations	50	-	(50)
Expenses not requiring appropriation in the Budget year ²	21,713	59,129	37,416
Departmental expenses			
Departmental appropriation ³	30,191	28,334	(1,857)
s74 retained revenue receipts	719	1,925	1,206
Expenses not requiring appropriation in the Budget year ⁴	830	938	108
Total for Program 3.1	945,482	738,334	(207,148)
Program 3.2: Local government			
Administered expenses			
Other services (Appropriation Acts No. 2 and No. 4)	60,000	60,000	-
Special Appropriations	2,504,017	2,503,742	(275)
Expenses not requiring appropriation in the Budget year ²	-	(19,064)	(19,064)
Departmental expenses			
Departmental appropriation ³	6,793	6,879	86
s74 retained revenue receipts	137	376	239
Expenses not requiring appropriation in the Budget year ⁴	160	183	23
Total for Program 3.2	2,571,107	2,552,116	(18,991)
Program 3.3: Cities			
Administered expenses			
Ordinary Annual Services (Appropriation Acts No. 1 and No. 3)	30,000	24,800	(5,200)
Departmental expenses			
Departmental appropriation ³	11,967	11,539	(428)
s74 retained revenue receipts	291	764	473
Expenses not requiring appropriation in the Budget year ⁴	363	400	37
Total for Program 3.3	42,621	37,503	(5,118)
Outcome 3 Total	3,559,210	3,327,953	(231,257)

continued...

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Acts No. 1 and No. 3)	836,479	617,855	(218,624)
Other Services (Appropriation Acts No. 2, and No. 4)	145,500	114,953	(30,547)
Special Appropriations	2,504,067	2,503,742	(325)
Expenses not requiring appropriation in the Budget year ²	21,713	40,065	18,352
Departmental expenses			
Departmental appropriation ³	48,951	46,752	(2,199)
s74 retained revenue receipts	1,147	3,065	1,918
Expenses not requiring appropriation in the Budget year ⁴	1,353	1,521	168
Total expenses for Outcome 3	3,559,210	3,327,953	(231,257)
Average staffing level (number)	184	183	(1)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services (Appropriation Act No. 1 and Appropriation Act No. 3)'.

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses and expenses that are reduced by associated receipts.

Table A.5 Expenses for Outcome 4: Good governance in the Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 4.1: Services to territories			
Administered expenses			
Ordinary Annual Services (Appropriation Acts No. 1 and No. 3)	154,598	153,083	(1,515)
Special Appropriation	50	19	(31)
Special Accounts	33,631	28,172	(5,459)
Expenses not requiring appropriation in the Budget year ²	35,898	40,132	4,234
Departmental expenses			
Departmental appropriation ³	20,560	21,854	1,294
s74 retained revenue receipts	538	1,679	1,141
Expenses not requiring appropriation in the Budget year ⁴	785	919	134
Total for Program 4.1	246,060	245,858	(202)
Outcome 4 Total	246,060	245,858	(202)
Outcome 4 totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Acts No. 1 and No. 3)	154,598	153,083	(1,515)
Special Appropriation	50	19	(31)
Special Accounts	33,631	28,172	(5,459)
Expenses not requiring appropriation in the Budget year ²	35,898	40,132	4,234
Departmental expenses			
Departmental appropriation ³	20,560	21,854	1,294
s74 retained revenue receipts	538	1,679	1,141
Expenses not requiring appropriation in the Budget year ⁴	785	919	134
Total expenses for Outcome 4	246,060	245,858	(202)
Average staffing level (number)	107	111	4

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services (Appropriation Act No. 1 and Appropriation Act No. 3)'. Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses and expenses that are reduced by associated receipts.

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses and expenses that are reduced by associated receipts.

Table A.6 Expenses for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 1.1: Infrastructure investment			
Annual administered expenses ²			
Infrastructure Investment Programme			
- Investment	164,733	135,622	(29,111)
- Roads to Recovery	364,793	364,793	-
Building our Future campaign	22,728	16,588	(6,140)
WestConnex Stage 2 – provision of a concessional loan	2,528	2,528	-
Payments to corporate entities – Infrastructure Australia ³	11,514	11,514	-
Other ⁴	-	34,928	34,928
Program support	54,809	55,888	1,079
Total Program 1.1 expenses	621,105	621,861	756
Total Program expenses for Outcome 1	621,105	621,861	756

1 Full-year budget, including any subsequent adjustments made to the 2018-19 Budget.

2 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Infrastructure Investment Program (Black Spot Projects, Bridges Renewal Program, Developing Northern Australia (Improving Cattle Supply Chains and Northern Australia Roads), Heavy Vehicle Safety and Productivity Program, Major Projects Business Case Fund, National Rail Program, Rail Investment Component, Road Investment Component, Roads of Strategic Importance and Urban Congestion Initiative) and Infrastructure Growth Package (New Investments and Western Sydney Infrastructure Plan) administered items.

3 Relates to appropriation for corporate entities which is provided through the department.

4 Relates to the write down of bad and doubtful debts and other non-cash expenses.

Table A.7 Expenses for Outcome 2: An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 2.1: Surface transport²			
Annual administered expenses			
Bass Strait Passenger Vehicle Equalisation Scheme	49,752	51,360	1,608
International Maritime Organization – contribution	321	321	-
National Heavy Vehicle Safety Initiatives ³	3,894	3,894	-
OECD Road Transport – contribution	73	49	(24)
Tasmanian Freight Equalisation Scheme ⁴	172,640	153,197	(19,443)
Payments to corporate entities – Australian Maritime Safety Authority ⁵	76,533	76,533	-
Payments to corporate entities – National Transport Commission ⁵	3,476	3,476	-
Special Appropriation expenses			
Australian Maritime Safety Authority Act 1990 ⁵	123,860	125,085	1,225
Protection of the Sea (Oil Pollution Compensation Fund) Act 1993	1,000	303	(697)
Special Account expenses			
Interstate Road Transport fees (Interstate Road Transport Special Account)	226	224	(2)
Program support	19,716	21,201	1,485
Total Program 2.1 expenses	451,491	435,643	(15,848)
Program 2.2: Road safety			
Annual administered expenses			
keys2drive	4,000	4,000	-
Other ⁶	-	214	214
Program support	21,722	21,989	267
Total Program 2.2 expenses	25,722	26,203	481

continued...

	Budget ¹	Actual Expenses	Variation
	2018–19	2018–19	2018–19
	\$'000	\$'000	\$'000
Program 2.3: Air transport			
Annual administered expenses			
Airport Lessee Companies – reimbursement of parking fines ⁴	1,000	411	(589)
Avalon Airport contribution	20,000	20,000	-
International Civil Aviation Organization – contribution	2,314	2,314	-
Payment scheme for Airservices Australia's en route charges ⁴	2,000	624	(1,376)
Regional Aviation Access	23,850	20,958	(2,892)
Sunshine Coast Airport concessional loan	132	626	494
Sydney West Airport – preparatory activities	60,316	52,805	(7,511)
Women in the Aviation Industry	1,000	225	(775)
Payments to corporate entities – Civil Aviation Safety Authority ⁵	43,936	43,936	-
Other ⁶	-	13,528	13,528
Special Appropriation expenses			
Aviation Fuel Revenues (Special Appropriation) Act 1988 ⁵	124,100	122,209	(1,891)
Special Account expenses			
Melbourne Airport New Runway Land Acquisition Special Account	1,000	220	(780)
Program support	54,872	58,402	3,530
Total Program 2.3 expenses	334,520	336,258	1,738
Total Program expenses for Outcome 2	811,733	798,104	(13,629)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 The numbering of the department's programs has changed as a result of the transfer of the Transport Security program (previously 2.1 – Transport Security) to the Department of Home Affairs in 2017–18. There has been no change to the programs other than an update to reflect sequential numbering.

3 Previously titled National Heavy Vehicle Regulator. The change in title was effected in the 2019–20 Portfolio Budget Statements to better reflect the program.

4 The estimates for demand driven programs are calculated at a maximum probable amount in the forward estimates to ensure that there is sufficient appropriation to meet demand. Where the estimated demand is not met in a particular year, underspends are returned to the Government and are not available for alternate uses by the department.

5 Relates to appropriation for corporate entities which is provided through the department.

6 Relates to the write down of bad and doubtful debts and other non-cash expenses.

Table A.8 Expenses for Outcome 3: Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 3.1: Regional development			
Annual administered expenses ²			
Building Better Regions Fund	150,175	109,050	(41,125)
Community Development Grants	264,247	239,543	(24,704)
Country Women's Association	5,000	5,000	-
Drought Communities Programme	93,216	93,087	(129)
Drought Community Support Initiative	33,000	31,958	(1,042)
Foundation for Rural and Regional Renewal	6,000	6,000	-
Foundation for Rural and Regional Renewal – Fassifern Valley Storm Recovery	1,000	1,000	-
National Stronger Regions Fund	179,805	116,528	(63,277)
National Water Infrastructure Loan Facility	nfp	nfp	-
Regional Australia Institute	400	400	-
Regional Development Australia Committees	18,337	17,786	(551)
Regional Growth Fund	5,000	-	(5,000)
Regional Jobs and Investment Packages	129,743	59,511	(70,232)
Stronger Communities Programme	22,500	20,780	(1,720)
Tasmanian Jobs and Growth Package	3,933	4,738	805
University of the Sunshine Coast, Moreton Bay Campus – Concessional Loan	1,386	1,789	403
Other ³	-	(33)	(33)
Program support	31,740	31,197	(543)
Total Program 3.1 expenses	945,482	738,334	(207,148)
Program 3.2: Local government			
Annual administered expenses			
Supplementary Local Roads Funding for South Australia	60,000	60,000	-
Special Appropriation expenses			
Local Government (Financial Assistance) Act 1995	2,504,017	2,484,678	(19,339)
Program support	7,090	7,438	348
Total Program 3.2 expenses	2,571,107	2,552,116	(18,991)
Program 3.3: Cities			
Annual administered expenses ⁴			
Smart Cities and Suburbs	25,000	22,365	(2,635)
Townsville City Deal	5,000	2,435	(2,565)
Program support	12,621	12,703	82
Total Program 3.3 expenses	42,621	37,503	(5,118)
Total Program expenses for Outcome 3	3,559,210	3,327,953	(231,257)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Albury Wodonga Regional Deal; Barkly Regional Deal; Hinkler Regional Deal; Murray-Darling Basin Regional Economic Diversification Program; the North Queensland Stadium; and the National Water Infrastructure Fund administered items.

3 Relates to the return of prior year appropriations.

4 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Adelaide City Deal; Darwin City Deal; Geelong City Deal; Launceston City Deal – Tamar River; Townsville City Deal; and Western Sydney City Deal administered items.

Table A.9 Expenses for Outcome 4: Good governance in the Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories

	Budget ¹ 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation 2018–19 \$'000
Program 4.1: Services to territories			
Annual administered expenses			
ACT Government – national capital functions	1,916	1,901	(15)
Norfolk Island – Commonwealth administration	1,067	965	(102)
Norfolk Island – Kingston and Arthur's Vale historic area	1,144	976	(168)
Norfolk Island – Runway resurfacing	2,500	2,500	-
Office of Administrator, Northern Territory	334	393	59
Services to Indian Ocean Territories ²	94,594	93,749	(845)
Services to Jervis Bay Territory ³	5,027	5,172	145
Services to Norfolk Island	47,530	46,427	(1,103)
Depreciation and amortisation	36,434	38,503	2,069
Other ⁴	-	2,648	2,648
Special Account expenses			
Christmas Island Phosphate Mining Rehabilitation Special Account	1,400	1,267	(133)
Indian Ocean Territories Special Account 2014	30,544	25,452	(5,092)
Jervis Bay Territory Special Account 2014	1,687	1,453	(234)
Program support	21,883	24,452	2,569
Total Program 4.1 expenses	246,060	245,858	(202)
Total Program expenses for Outcome 4	246,060	245,858	(202)

1 Full-year budget, including any subsequent adjustments made to the 2018–19 Budget.

2 See also expenses associated with the Indian Ocean Territories Special Account 2014.

3 See also expenses associated with the Jervis Bay Territory Special Account 2014.

4 Relates to the write down of bad and doubtful debts, and the transfer of assets.

Appendix B: Procurement practices

This appendix focuses on the department's procurement practices, including:

- procurement policies and practices
- Indigenous procurement
- Australian National Audit Office access clauses and exempt contracts
- use of consultancies
- initiatives to support small business
- payments for advertising and marketing research

Procurement policies and practices

In 2018–19 the department continued its focus on delivering procurement solutions that support our objectives and operational needs. The department is committed to compliant and transparent procurement processes and achieving value for money.

The department's procurement of goods and services is consistent with the requirements of the Commonwealth Procurement Rules (CPRs), including the achievement of value for money and proper use of public money. The CPRs are applied to procurement activities through the Accountable Authority Instructions (AAIs) and supporting operational guidelines.

The department assists employees to manage procurements appropriately by providing information and training on procurement policies and procedures, and maintaining a single point of contact for advice on the CPRs, the AAIs and tendering processes.

In accordance with the CPRs, the department published open tenders and details of contracts awarded on the AusTender website at <www.tenders.gov.au>.

The Indigenous Procurement Policy is intended to increase the number of Indigenous businesses in the Commonwealth's supply chain, stimulating Indigenous enterprise development and entrepreneurship. The department supports the policy and has exceeded its purchasing target set by the government in 2018–19 to ensure that opportunities for Indigenous employment and business continue to grow.

Australian National Audit Office Access Clauses

All contracts valued at \$100,000 or more routinely include a requirement for access to the contractor's premises by the Auditor-General.

Exempt Contracts

In 2018–19 no contracts were exempted from publication on AusTender on the basis that it would disclose exempt matters under the Freedom of Information Act 1982.

Consultancy contracts

The department engages consultants to provide specialist or professional advice, investigate or diagnose a defined issue or problem, and where required, to undertake independent research, reviews or assessments.

During 2018–19, 99 new consultancy contracts were entered into involving total actual expenditure of \$14.4 million. In addition, 39 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$10.4 million.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

Table B.1 Consultancies

	2014–15	2015–16	2016–17	2017–18	2018–19
Expenditure on new and ongoing consultancies					
Total expenditure	\$25.2m	\$34.3m	\$28.0m	\$30.9m	\$24.8m
New consultancies valued at \$10,000 or more					
Number let	97	84	116	101	99
Total value over the life of these contracts	\$39.0m	\$10.7m	\$29.2m	\$33.3m	\$22.9m

Procurement and initiatives to support small business

The department supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise (SME) and small enterprise participation statistics are available on the Department of Finance's website at <www.finance.gov.au>.

In accordance with paragraph 5.5 of the CPRs, the department has procurement practices and internal policies in place to ensure that small and medium enterprises are not unfairly discriminated against. These measures include but are not limited to:

- mandatory use of the Commonwealth Contracting Suite for all low risk procurements up to \$200,000 (GST inclusive)
- using an electronic invoice processing system
- implementing the Indigenous Procurement Policy, noting that many Indigenous businesses are SMEs
- using credit cards for procurements valued below \$10,000
- complying with the government's Supplier Pay on Time or Pay Interest Policy

The department recognises the importance of ensuring that small businesses are paid on time. Current results of the Survey of Australian Government Payments to Small Businesses are available on the Department of Employment, Skills, Small and Family Business website at <<http://www.employment.gov.au/pay-time-survey-results>>. The results for previous financial years are available on the Treasury's website at <www.treasury.gov.au>.

In 2018–19 the department paid \$16,125,021 for advertising and market research. Table B.2 lists payments of \$13,200 (inclusive of GST) or more made during the financial year, as required by section 311A of the Commonwealth Electoral Act 1918.

Table B.2 Details of advertising and market research payments of \$13,200 or more

Market research/polling		
Firm	Service provided	Payment made in 2018–19
AMR Interactive	Media analysis services	\$151,800
Hall and Partners	Tracking and evaluation research	\$123,819
JWS Research PTY LTD	Market research	\$240,500
Total market research/polling		\$516,119
Media advertising organisations		
Firm	Service provided	Payments made in 2018–19
BCM Partnership	Advertising services	\$3,805,145
Medibrands Australia	Public notices (various)	\$26,096
Mitchell & Partners Australia	Public notices (various)	\$46,759
Mitchell & Partners Australia	GradAustralia package	\$21,183
Universal McCann	Media services	\$11,709,719
Total media advertising organisations		\$15,608,902

Appendix C: Ecologically sustainable development and environmental performance

The following summary of our environmental management activities and performance is provided in accordance with the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) which requires entities to report on:

- ▶ how their activities accord with, and their outcomes contribute to, the principles of ecologically sustainable development
- ▶ the environmental impacts of their operations during the year, and measures taken to minimise these

The department undertakes all of its activities—from corporate initiatives to departmental policies, programs and procedures—in accordance with the five principles set out in the EPBC Act: integration, precaution, intergeneration, biodiversity and valuation.

Infrastructure and regional development

Projects under the Infrastructure Investment Program must comply with both the federal and jurisdictions' environmental protection legislation. During 2018–19 the department partnered with state and territory agencies to ensure environmental issues were appropriately considered in identifying, designing and delivering infrastructure projects. This included working with project proponents to ensure projects met all legislative requirements, including assessment and approval under EPBC Act.

In addition, any projects included on the Infrastructure Australia Priority List have been assessed under Infrastructure Australia's Assessment Framework. This provides information on how initiatives and projects are assessed by Infrastructure Australia, and was updated in 2018 to provide guidance in key areas, including how climate change risks are treated in the economic appraisal of an infrastructure project.

The department is the lead Australian Government agency for Goals 9 (Industry, Innovation and Infrastructure) and 11 (Sustainable Cities and Communities) of the United Nations' Sustainable Development Goals (SDG) which came into effect in January 2016. The Senate Inquiry on SDG and their relevance to Australia commenced on 4 December 2017. In 2018–19 the department participated in the inquiry's hearing, focusing on communication about SDG implementation. The inquiry report was released on 14 February 2019. The department is working with the Department of Foreign Affairs and Trade and the Department of the Prime Minister and Cabinet to develop the government response.

Marine

The department plays a key role in protecting the marine environment from the impacts of international shipping. It achieves this through work with the International Maritime Organization's (IMO) Marine Environment Protection Committee and by implementing IMO resolutions through domestic legislation.

We continued to collaborate across government and particularly with the Australian Maritime Safety Authority (AMSA) to help develop international measures to reduce CO₂ emissions from shipping. At the IMO in April 2018, Australia supported adopting the initial strategy to reduce emissions from ships—with a final strategy to be adopted in 2023—and in October 2018 helped achieve agreement on actions to implement the initial strategy. Subsequent engagement achieved a consensus at the IMO on assessing impacts of potential emission reduction measures on individual countries.

The department is working with AMSA on sulphur emissions from shipping, and to amend the Protection of the Sea (Prevention of Pollutions from Ships) Act 1983 to support commencement of the reduced IMO cap on fuel oil sulphur content in early 2020. These changes will ensure that Australia continues to meet its international obligations on maritime environment matters.

The department chairs the National Plan (for Environmental Emergencies) Strategic Coordination Committee and provides maritime advice on a number of whole of government environment and sustainability policy developments. This includes the international High Level Panel on a Sustainable Oceans Economy and the National Hydrogen Strategy.

The department also administered Australia's annual contribution to the IMO and the International Oil Pollution Compensation Fund.

Motor vehicles

In 2018–19 we worked with the Department of the Environment and Energy to support the Ministerial Forum on Vehicle Emissions and to develop policy options to reduce road vehicle emissions.

On 25 February 2019 the government announced it would implement improvements to the fuel quality standards. This will reduce air pollution, improve fuel efficiency and ensure access to the latest vehicle technologies.

In 2019 we also continued to support development of a National Electric Vehicle Strategy, and the transport stream of the National Hydrogen Strategy. These initiatives will help to plan and manage the transition to low and zero emission vehicles in Australia.

Aviation

The department worked with the International Civil Aviation Organization on global strategies to redress impacts of aviation on the environment, including aircraft noise and emissions. This included establishing a cross-agency industry working group to:

- help develop the technical elements of the Carbon Offsetting and Reduction Scheme for International Aviation
- implement the scheme in Australia to allow international aviation operators to meet reporting requirements from 1 January 2019

Under the Airports Act 1996 airport lessees must prepare and submit for department approval the environmental, social and economic impacts of all airport master plans, major development plans and airport environment strategies. The department assessed these during the year and advised ministers on their compliance with legislative requirements, including environmental impact assessments and plans for managing assessment outcomes.

Executive Council agreed to the new Air Navigation (Aircraft Noise) Regulations 2018, which began on 1 April 2018. These allow Australia to certify the newest aircraft types, including large passenger jet and propeller-driven aircraft (those over 55,000kg) used in international aviation. This will ensure that Australia maintains one of the youngest aviation fleets in the world, leading to both noise and emission reductions from new aircrafts.

Territories

The department is responsible for infrastructure delivery in the Indian Ocean Territories, Norfolk Island and Jervis Bay Territory. Each proposed infrastructure project is assessed against the requirements under the Environment Protection and Biodiversity Conservation Act 1999 at the project approval stage. Where required, environmental management plans are established and implemented. All project design and delivery work considers sustainability principles and whole-of-life impacts.

The department manages the heritage value of land in the Jervis Bay Territory for which it has care and control, by adhering to current heritage management plans. Plans are reviewed and updated to meet the legislative requirements of the EPBC Act and to ensure their currency. The department works with the Department of Defence to consider the environmental and socio-economic impacts of per and poly-fluoroalkyl substances (PFAS). The department ensures compliance with state and federal legislation in removing contaminated material, such as asbestos, and when remediating contaminated land.

On Norfolk Island, the department is responsible for infrastructure delivery and asset management in the world heritage listed Kingston and Arthur's Vale Historic Area, which is bordered by the Norfolk Marine Park. The department protects and conserves the heritage values of the area. The potential effects of activities on the environment are a key consideration during all phases of infrastructure delivery and operation. The department works with Parks Australia and the Department of the Environment and Energy's Heritage Branch to ensure ecologically sustainable development.

The department improved solid waste management on Norfolk Island through financial support for waste treatment and transfer.

A strategic assessment of Christmas Island commenced under Part 10 of the EPBC Act. The assessment will produce two documents:

- a plan for future land uses and development opportunities on Christmas Island
- an Environmental Impact Assessment report on development activities proposed in the plan. Once approved, it will remove the need for individual assessments under the Act where proposed projects align with the Strategic Assessment Plan. This will provide certainty for future development, and balance economic activity with environmental protection

The department is also completing heritage management plans for Christmas Island to support sustainable development and ensure that the island's rich and diverse history is protected.

The department worked with the Department of Employment, Skills, Small and Family Business and the Department of Home Affairs to change regulations that allow asbestos to be exported from Norfolk Island and the Indian Ocean Territories to mainland Australia for disposal.

Office energy use

The department is committed to implementing ecologically sustainable principles in its operations, and limits the consumption of office energy and other resources where practical.

All central office locations use automated lighting controls to switch off non-essential lighting outside of work hours, and have devices in place to minimise water use. A number of initiatives provide effective waste management, and monitor and maintain indoor environmental quality in major offices.

The department uses 5.16 per cent green energy across its portfolio.

No breaches of environmental laws or licences by the department were reported during 2017–18.

Due to a difference between reporting timeframes for the energy use data and the department's Annual Report, energy consumption data for 2018–19 will be provided in the Annual Report for 2019–20. Data for 2016–17 and 2017–18 are in Table C.1.

Table C.1 Departmental energy consumption 2016–17 to 2017–18

	2016–17	2017–18
Buildings and electricity		
Office buildings		
Area occupied (m ²)	35,543	34,636
Occupants ^a	1,272	1,148
Area per person (m ²)	27.94	30.17
Electricity used (GJ)	12,343	11,158
Electricity used per person (MJ) ^b	9,197	9,719
Electricity used by area (MJ/m ²)	347	322
Electricity sourced from renewable sources (%)	5.7	5.2
Other buildings^c		
Area occupied (m ²)	453	457
Electricity used (GJ) ^d	342	342
Electricity used by area (MJ/m ²)	755	748
Total of the above		
Direct energy consumed (GJ)	12,685	11,499
Greenhouse gas emissions (tonnes of carbon dioxide equivalents) ^e	3,184	2,781

Note: a Occupants include contractors and employees of contracted service providers as well as departmental employees

b The Australian Government's energy consumption target is no more than 7,500 megajoules per person per year

c Other buildings (Mitchell Warehouse) the Net Lettable Area is apportioned to 35 per cent

d Includes green power

e Emission includes scope 2 (direct) and scope 3 (indirect)

Appendix D: Report under the Work Health and Safety Act 2011

Over the last 12 months the department has worked to improve our work health and safety (WHS) management systems across the range of environments in which we operate. We comply with the Australian Standard AS/NZS 4801 (occupational health and safety management systems) and are currently implementing outcomes of an audit and gap analysis of our work health and safety framework which identified opportunities to improve our systems.

The department's strategic work health and safety priorities include:

Lead:

- ▶ continue to implement our WHS management system
- ▶ ensure we are aware of and manage our WHS risks
- ▶ build on our safety culture

Educate:

- ▶ increase knowledge and awareness of work health and safety
- ▶ develop our people to be safety leaders
- ▶ ensure our people understand our WHS systems, policies and procedures
- ▶ seek to understand the WHS training needs of our people

Respond:

- ▶ report and respond quickly when incidents occur
- ▶ close out our corrective actions
- ▶ respond and close out our WHS audits recommendations

Work Health and Safety Policy

The department's WHS policy is under review. The current policy outlines our commitment to health and safety in the workplace. It is displayed at the entrance or security desk of each office the department occupies. It is also provided to:

- ▶ all new ongoing and non-ongoing employees as part of the recruitment process
- ▶ recruitment agencies that provide labour hire to the department
- ▶ anyone requiring a security pass through the pre-commencement 'WHS—an overview of safety in the workplace' eLearning module
- ▶ all employees every two years as part of the WHS refresher eLearning module
- ▶ any other interested person or organisation

WHS management system

Our WHS management system:

- underpins the way we manage workplace hazards and risks
- ensures compliance with WHS legislation
- clarifies duties and responsibilities for officers and workers

The department implemented the outcomes of an internal verification audit of the WHS management system that was conducted in 2017–18. This aimed to check conformance with AS/NZ4801 (Occupational Health and Safety Management Systems). During 2018–19 actions and protocols were implemented to ensure mandatory WHS eLearning modules were completed by staff and contractors. This included WHS document reviews, completing worksite inspections and reviewing system performance.

Consultation

Cooperative relationships are important and the department consults directly with workers on WHS issues. This is achieved through our health and safety representatives and the department's WHS committee which meets each quarter.

Consultation was undertaken on our supporting WHS documents, and these were updated in 2018–19. This includes the:

- work health and safety management system
- deployment health and safety policy
- health and safety representative document
- health monitoring procedure
- consultation process for WHS policies and procedures
- personal protective equipment policy
- workplace aggression and violence policy

Consultation has been undertaken on the:

- safe vehicle travel policy
- international travel work health and safety guidelines
- work health and safety training needs analysis
- work health and safety committee terms of reference

Reporting

The People and Performance Branch regularly reviews progress against audit findings and updates the General Manager, People and Performance, the People and Culture Committee and the Executive Board. Quarterly reports are provided to the department's WHS committee which detail the activities undertaken in the previous quarter and the incidents reported. Quarterly reports on audit action outcomes are also provided to the Audit and Risk Committee.

This annual report covers a review of activities including lag and lead indicators, and key health and safety achievements. It also provides statistics on work related incidents, injuries and claims at Table D.1, which demonstrate the department's compliance with the WHS Act.

Health support

The health of our workers is paramount and a comprehensive program is in place to ensure this.

Programs are available to support mental health, including access to free confidential counselling through the department's employee assistance program. This includes an online Mental Health Guru educational program.

The department helps staff to improve their health and wellbeing through:

- free influenza vaccinations and health checks
- pre-employment medicals for all new engagements
- pre-deployment medicals
- psychological screening
- dental checks for workers being posted overseas
- travel health assessments and vaccinations for those travelling overseas for work

Rehabilitation and compensation

In 2018–19 eight workers' compensation claims were submitted, and three were accepted by Comcare. This compares with five accepted claims in 2017–18. Six of the claims, including the three accepted claims, were from former departmental employees who were claiming for hearing loss and asbestos related conditions.

The department's claim frequency rate is under the average for all APS agencies.

The department's Comcare premium rate (0.19 per cent) reflects this, and sits well below the overall scheme average premium rate (1.06 per cent).

The department's Rehabilitation Policy and Rehabilitation Management System documents were updated in 2018–19.

Territories Division

Territories Division reviewed and enhanced its workplace health and safety governance arrangements during the year for administered territories. This ensures appropriate systems are in place to identify, manage and monitor workplace health and safety risks. A workplace health and safety strategy was also implemented and is supported by an annual safety improvement plan. It enables:

- senior leaders to monitor workplace health and safety matters through formal governance mechanisms
- workers to be informed, capable and supported
- health and safety requirements to be mandated for procuring infrastructure, equipment, goods and services
- safety assurance and continuous improvement

Workplace health and safety statistics

Tabel D.1 provides a summary of health and safety outcomes, notifiable incidents, investigations and notices in accordance with the Work Health and Safety Act 2011.

Table D.1 Workplace health and safety statistics in 2018–19

Lag indicators	
Incidents notified to Comcare	7
Notices received from Comcare	Nil ^a
Inspector reports issued by Comcare	4
PINs issued by health and safety representatives	Nil
Incidents registered on the reporting system ^b	96
Corrective actions identified in the reporting system completed	100%
Accepted claims ^c	3
Claims for lost time ^c	0
Total weeks lost from new claims through incapacity	0
Average time off work per injury (weeks) ^c	0
Average cost per accepted compensation claim ^c	\$13,075
Employees using the Employee Assistance Program (%)	12.9%
Days of unscheduled absence per full-time equivalent employee ^d	11.8

Note: a Other than requests for information under Section 155
 b Includes notifiable incidents, investigations and notices in the Indian Ocean Territories
 c Figures are advised by Comcare
 d Unscheduled absence includes sick leave, carer's leave, unauthorised absences and compassionate/bereavement leave. Workers' compensation leave is not included

Lead indicators

Work health and safety key performance indicators in performance plans:

- all plans contain 'to comply with the Work Health and Safety Act (2011) during the course of my employment'

Training courses, including online available and training completed in 2018–19:

- 875 WHS eLearning modules completed

Staff completing first aid training:

- 38 first aid responders trained—all first aiders have certificates, annual CPR training is compulsory

Staff completing fire warden training:

- 78 fire wardens trained

Number of newsletters containing WHS information or advice:

- two Secretary's Updates included WHS information

Number of workstation assessments conducted:

- 119 workstation assessments
- 31 equipment requests (provided)

Lead indicators

Number of health assessments conducted:

- 239 assessments which included a lifestyle questionnaire, full lipid profile (total cholesterol LDL, HDL triglycerides) diabetes screening, blood pressure and body composition measurements. Staff were also offered a selection of three of the modules below:
 - › vision screening
 - › posture and flexibility assessment
 - › nutrition consultation
 - › cardiovascular and muscle fitness
 - › depression, stress and anxiety

A total of 408 influenza vaccinations were also provided.

WHS learning and development

- An eLearning module is provided for new starters and refresher training is conducted for employees every two years:
 - › WHS: an overview of safety in the workplace (mandatory)—860 completed
 - › WHS: applying WHS in the workplace—12 completed
 - › Presentation—Mental Health Week presentation

Electrical equipment testing and tagging:

- a 'test and tag' system for electrical equipment is in place

Resources were provided to deliver WHS outcomes including worksite inspections and internal initiatives (including Keeping in Touch sessions)

Appendix E: Reports under aviation legislation

Section 29(1) of the Air Navigation Act 1920 requires the department to report annually on administration and operation of the Act and its regulations. This includes other civil aviation matters the Secretary considers should be included in the report.

The department continued to regulate scheduled international air services in accordance with the Air Navigation Act and associated regulations. In 2018–19 the department granted 477 timetable approvals, 283 timetable variations, nine non-scheduled flight approvals and seven approvals for new international airline licences.

Environment authorisations and protection orders

Paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997 requires the department to report notification of environmental authorisations.

The department can authorise an airport to undertake action, which may result in environmental emissions limits being exceeded, where the emissions would be no more damaging to the environment than if the limits were met. No environmental authorisations took place during the reporting period.

The department may make an environment protection order under part 7, division 1 of the Airports (Environment Protection) Regulations 1997, directing an airport to comply with a duty to avoid polluting to preserve habitat, or to prevent offensive noise. No environment protection orders were made during the reporting period.

Aircraft noise levy collection

Section 20 of the Aircraft Noise Levy Collection Act 1995 requires our annual report to include information on adherence to the Aircraft Noise Levy Act 1995 and the Aircraft Noise Levy Collection Act 1995.

In 2018–19 no reportable actions were made under either of these Acts. There were no breaches of these Acts.

Appendix F: Report under the National Land Transport Act 2014

Section 94 of the National Land Transport Act requires an annual report on the operation of the Act at the end of each financial year that ends after the commencement of parts 3, 4, 5, 7 and 8. For information on the operation of this Act—including information on the Infrastructure Investment Program and subprograms such as Black Spot and Roads to Recovery, see Part 4 of this report.

Appendix G: Correction of material errors in 2017–18 Annual Report

None to report.

Appendix H: List of requirements

Table H.1 reproduces the table set out in Schedule 2 of the PGPA Rule. Section 17A(d) requires this table to be included in entities' annual reports as an aid of access.

PGPA Rule Reference	Description	Requirement	Part	Page
17AD(g)	Letter of transmittal			
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	Letter of Transmittal	iii
17AD(h)	Aids to access			
17AJ(a)	Table of contents	Mandatory	Contents	2–3
17AJ(b)	Alphabetical index	Mandatory	Part 7	238–249
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	Part 7	234–237
17AJ(d)	List of requirements	Mandatory	Appendix H	225–231
17AJ(e)	Details of contact officer	Mandatory	Contact Us	ii
17AJ(f)	Entity's website address	Mandatory	Contact Us	ii
17AJ(g)	Electronic address of report	Mandatory	Contact Us	ii
17AD(a)	Review by accountable authority			
17AD(a)	A review by the accountable authority of the entity.	Mandatory	Part 1	8–10
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	Part 2	18
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	Part 2	21
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity.	Mandatory	Part 2	20
17AE(1)(a)(iv)	A description of the purposes of the entity as included in the Corporate Plan.	Mandatory	Part 2	19
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	Part 2	24
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	Part 2	24
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	Part 2	24

PGPA Rule Reference	Description	Requirement	Part	Page
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments – Mandatory	Part 2	26
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	n/a	–
17AD(c)	Report on the Performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F	Annual performance statements in accordance with paragraph 39(1) (b) of the Act and section 16F of the Rule.	Mandatory	Part 4	53–127
17AD(c)(ii)	Report on financial performance		Part 1 and Appendix A	
17AF(1)(a)	Discussion and analysis of financial performance.	Mandatory	Part 1	129–195
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	Appendix A	198–209
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on future operation or financial results.	If applicable, mandatory	Part 1 – if applicable	13–15
17AD(d)	Management and Accountability			
	Corporate Governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems).	Mandatory	Part 3	36
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	Letter of Transmittal	iii
17AG(2)(b)(ii)	A certification by the accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	Letter of Transmittal	iii

PGPA Rule Reference	Description	Requirement	Part	Page
17AG(2)(b)(iii)	A certification by the accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	Letter of Transmittal	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	Part 3	32–38
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1) (e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	Letter of Transmittal – If applicable	iii
External Scrutiny				
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	Part 3	38
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	Part 3	38–39
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	Part 3	38–39
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	n/a	–
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender (d) statistics on staff location	Mandatory	Part 3	47–49
Management of Human Resources				
17AG(4)(a)	An assessment of the department's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	Part 3	40–42

PGPA Rule Reference	Description	Requirement	Part	Page
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • staffing classification level • full-time employees • part-time employees • gender • staff location • employees who identify as Indigenous 	Mandatory	Part 3	47–49
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	Part 3	47–49
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG (4) (c).	Mandatory	Part 3	48
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	Part 3	48
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	Part 3	46
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	Part 3	46
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	Part 3	46
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	Part 3	46
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	Part 3	46
Assets Management				
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	Part 3	50
Purchasing				
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	Appendix B	210–212

PGPA Rule Reference	Description	Requirement	Part	Page
Consultants				
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	Appendix B	211
17AG(7)(b)	A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.	Mandatory	Appendix B	211
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	Appendix B	210–211
17AG(7)(d)	A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website”.	Mandatory	Appendix B	211
Australian National Audit Office Access Clauses				
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	Appendix B	210

PGPA Rule Reference	Description	Requirement	Part	Page
Exempt Contracts				
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	Appendix B	210
Small Business				
17AG(10)(a)	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website”.	Mandatory	Appendix B	211
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	Appendix B	211
17AG(10)(c)	If the entity is considered by the department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website”.	If applicable, mandatory	Appendix B	211
Financial Statements				
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	Part 5	129–195
17AD(f)	Other Mandatory Information			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website”.	If applicable, Mandatory	Appendix B	212

PGPA Rule Reference	Description	Requirement	Part	Page
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory		–
17AH(1)(b)	A statement that <i>“Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory	Part 1	15
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	Part 3	46
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Part 3	37
17AH(1)(e)	Correction of material errors in previous annual report.	If applicable, mandatory	Appendix G	224
Executive Remuneration				
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	Part 3	43–45
17AH(2)	Information required by other legislation			
	Legal expenditure (paragraph 11.1(ba) of the Legal Services Directions 2017).	Mandatory	Part 3	38
	Advertising and Market Research (section 311A of the Commonwealth Electoral Act 1918) and statement on advertising campaigns.	Mandatory	Part 4, Appendix B	67, 212
	Ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999).	Mandatory	Appendix C	213–216
	Work health and safety (schedule 2, part 4 of the Work Health and Safety Act 2011).	Mandatory	Appendix D	217–221
	Information required under: <ul style="list-style-type: none"> • paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997 • section 29 of the Air Navigation Act 1920 • section 20 of the Aircraft Noise Levy Collection Act 1995 	Mandatory	Appendix E	222
	An annual report on the operation of the National Transport Act 2014, as required under section 94 of the National Land Transport Act.	Mandatory	Appendix F	223





PART 7

Key terms and index

PART 7

Key terms and index

Glossary

Accident	An incident where a person suffers serious or fatal injuries or where property is extensively damaged.
Accountable Authority Instructions	Instructions that the accountable authority of an entity is authorised to give to officials in the entity on any matter necessary or convenient for the carrying out or giving effect to the Public Governance, Performance and Accountability Act 2013.
Administrative Arrangements Order	A document that provides for the arrangements of government administration, including the matters that are dealt with by each department and the legislation administered by each minister.
Administered item	A component of an administered program.
Aerotropolis	A metropolitan subregion where the layout, infrastructure, and economy are centred on an airport (such as the Western Sydney Airport).
Air services arrangements	Treaty-level aviation agreements negotiated with international governments. Air service arrangements may contain provisions on the routes airlines can fly, the number of flights that can be operated, tariffs and the number of airlines designated to operate services.
Black Spot	These road sites have been identified as high risk areas for serious crashes.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship leadership, direction and control.
Division	An organisational unit within the department, which is managed by an executive director and reports to the Secretary.
Ecological sustainable development	Using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained and the total quality of life, now and in the future can be increased.
Enterprise agreement	An agreement made at enterprise level between employers and employees about the terms and conditions of employment.

Federally leased airport	The leased federal airports in each state and territory that were granted on long-term leases to private entities between 1997 and 2003.
Freight	Goods transported by truck, train, ship or aircraft.
Grant	Commonwealth financial assistance as defined under the Commonwealth Grants Rules and Guidelines.
Greenhouse gas emissions	Emissions that to climate change such as carbon dioxide (CO ₂), nitrous oxide and methane. In vehicles, the principal greenhouse gas is CO ₂ .
Heavy vehicle road reform	Road charging and investment reform with the goal of turning the provision of heavy vehicle road infrastructure into an economic service where feasible. This would see a market established that links the needs of heavy vehicle users with the level of service they receive, the charges they pay and the investment of those charges back into road services.
Portfolio Budget Statements	A budget-related paper detailing budget initiatives and appropriations, by outcome and program, for each entity within a portfolio.
Program	An activity or group of activities that delivers benefits or services or transfers payments to individuals, industry or the community as a whole.
Regional Development Australia committee	Regional Development Australia (RDA) is an Australian Government initiative that brings together all levels of government to enhance the development of Australia's regions. A national network of RDA committees has been established to achieve this objective.

Acronyms

AAI	Accountable Authority Instruction
AAPS	Australian Airspace Policy Statement
ADR	Australian Design Rules
AHRC	Australian Human Rights Commission
ALGA	Australian Local Government Association
AMSA	Australian Maritime Safety Authority
ANCAP	Australasian New Car Assessment Program
APS	Australian Public Service
ATAP	Australian Transport Assessment and Planning
AusRAP	Australian Road Assessment Program
BBRF	Building Better Regions Fund
BITRE	Bureau of Infrastructure, Transport and Regional Economics
btkm	billion tonne kilometres
CASA	Civil Aviation Safety Authority
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CPRs	Commonwealth Procurement Rules
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CWA	Country Women's Association
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
FAL Convention	Convention on Facilitation of International Maritime Traffic
FCEVs	Hydrogen fuel cell electric vehicles
GASOS	Global Aviation Safety Oversight System
ICAO	Civil Aviation Organization
IMO	International Maritime Organization
IOPC	International Oil Pollution Compensation Funds
ITF	International Transport Forum
NAIDOC	National Aborigines and Islanders Day Observance Committee
NASAG	National Airports Safeguarding Advisory Group
NHVR	National Heavy Vehicle Regulator
NPA	National Partnership Agreement
NQWIA	North Queensland Water Infrastructure Authority
NRSS	National Road Safety Strategy
OECD	Organisation for Economic Co-operation and Development (OECD)
OSOM	Oversize Overmass
PFAS	per and poly-fluoroalkyl substances

PGPA	Public Governance, Performance and Accountability
PSM	Public Service Medal
RAWS	Registered Automotive Workshop Scheme
RDA	Regional Development Committee
RPAS	Remotely Piloted Aircraft Systems
RVSA	Road Vehicle Standards Act
SES	Senior Executive Service
SDG	Sustainable Development Goals
UAS	Unmanned Aerial Systems
UN	United Nations
WHS	work health and safety
WP.1	Global Forum for Road Traffic Safety
WP.29	World Forum for the Harmonization of Vehicle Regulations

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