



Australian Government

Department of Broadband,
Communications and the Digital Economy

ANNUAL REPORT 2012-13



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LETTER OF TRANSMITTAL



Australian Government
**Department of Broadband, Communications
and the Digital Economy**

Drew Clarke

Secretary

Senator the Hon Anthony Albanese
Deputy Prime Minister
Minister for Infrastructure and Transport
Minister for Broadband, Communications and the Digital Economy
Leader of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Annual Report of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2013 for your presentation to the Parliament in accordance with section 63(1) of the *Public Service Act 1999*.

This Report has been prepared in accordance with the provisions of section 63 of the Act and the Requirements for Annual Reports as approved by the Joint Committee of Public Accounts and Audit.

In accordance with the Commonwealth Fraud Control Guidelines, I certify that the Department of Broadband, Communications and the Digital Economy has reviewed its fraud control policy, guidelines and plan and has the required fraud prevention, detection, investigation, reporting and data collection procedures and processes in place to comply with the guidelines.

Yours sincerely

A handwritten signature in blue ink that reads "Drew Clarke".

Drew Clarke

26 August 2013

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HOW TO USE THIS REPORT

This report outlines the operations and performance of the Department of Broadband, Communications and the Digital Economy for the financial year ending 30 June 2013. It has been prepared in accordance with the Requirements for Annual Reports issued by the Department of the Prime Minister and Cabinet in June 2013.

Note that figures in tables and in the text of this report may be rounded. Figures in the text are generally rounded to one decimal place, while those in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

The report is structured into the following sections.

Section 1—Overview

This section contains a review of the year by the Secretary and an outline of the Department, performance reporting structure, functions and services. It also gives an overview of the portfolio structure.

Section 2—Performance review

This section reviews how our programs performed during the year and how they contributed to achieving our outcome. It focuses on actual performance in relation to deliverables and key performance indicators set out in our 2012–13 Portfolio Budget Statements and 2012–13 Portfolio Additional Estimates Statements.

Section 3—Management and accountability

This section reports on our management practices, including governance arrangements, management of human resources, information technology and facilities, legal services, financial management, asset management, procurement, communication and media, parliamentary support, and ecologically sustainable development and environmental performance.

Section 4—Financial statements

This section contains the Department's audited financial statements for 2012–13.

Section 5—Appendices

The appendices provide supplementary information on a range of important issues, including:

- > Agency resource statement and expenses for outcome
- > Spatial reporting
- > Legislation and statutory instruments
- > Staffing statistics
- > Advertising and market research.

Section 6—Other information

This section contains a list of acronyms, glossary of terms, corrections to the Annual Report 2011–12, an alphabetical index and a compliance index.

01

OVERVIEW

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SECRETARY'S REVIEW



Drew Clarke, Secretary.

The 2012–13 financial year has been one of significant activity and change for the Department, and this report marks my first as Secretary since taking over from Peter Harris on 12 March 2013. I would like to acknowledge Peter's contribution to the portfolio, particularly on micro-economic reform, and congratulate him on his appointment to Chair of the Productivity Commission.

The Department has an important agenda to progress; from implementation of the National Broadband Network (NBN), to realising the benefits of the digital economy and digital switchover—we are engaged in a large number of areas that affect the lives of all Australians.

The way Australians live, work, learn and interact with each other has changed significantly over the past decade. For example, online learning in Australia grew at an annual rate of 18.6 per cent from 2008 to 2012, and in 2011 two-thirds of vocational education training students reported using interactive learning resources in the classroom as well as at home and work. It is also estimated that by 2020–21, telework enabled by high-speed broadband will create 25 000 full-time jobs.

The way we view free-to-air television programs has also changed, with a larger number of free-to-air channels and high-definition pictures now available to more Australians through the successful switchover to digital television. The switchover project has made great progress since it started in Mildura back in June 2010 and it has continued to track well this year, with six more regions completing the switch to digital-only television in 2012–13. A total of 11 regions have now made the switch, which covers more than 4.5 million households across Australia. The final four regions are due to switchover by December 2013. Our staff, in conjunction with broadcasters, industry and government stakeholders and local communities, have done an outstanding job in leading and supporting such a smooth transition for so many Australians over the past five years.

The spectrum to be freed up by moving to digital television was auctioned in early 2013. The Australian Communications and Media Authority (ACMA) announced the outcome of the Digital Dividend auction on 7 May, which resulted in nearly \$2.0 billion in revenue for the Commonwealth. This was the culmination of years of hard work by the portfolio, across many areas of this Department and the ACMA.

The final piece of the digital dividend puzzle is the restack of spectrum. We have been working with the broadcasting industry on the task of restacking the radiofrequency spectrum freed up by the digital switchover process. Retune, or restack as the industry knows it, is the final step in Australia's move to digital-only television, where some channels will move frequencies to create blocks of spectrum for new services, such as mobile broadband. The public education element of this process started in March, with the successful launch of the Department's 'stay tuned for the retune' website, and a related communication campaign to raise public awareness.

During 2012–13, we continued to progress the regulatory and policy aspects that underpin the implementation of the NBN. We also worked with NBN Co Limited (NBN Co) on various aspects of this dynamic, complex long-term project. We are responsible for the reporting and monitoring processes regarding the regulatory framework and performance of NBN Co, and supported the Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy (the Minister) on a range of governance and oversight matters, such as the review of the NBN Co Corporate Plan. However, in 2012–13 our work extended to other diverse issues such as working with NBN Co to develop a governance framework to help consumers and small businesses transition to the NBN. This important aspect of our NBN work relates to the decommissioning of the copper telephone network, which is scheduled to start in May 2014. We are working with key industry bodies and stakeholders to assist with the migration of legacy services, such as medical and security alarms, to the fibre network without losing functionality.

The Department organised the Digital Productivity Conference, held in Brisbane on 12 to 13 June 2013, where the Minister launched Advancing Australia as a Digital Economy—an update to the 2011 National Digital Economy Strategy. This policy statement outlines Australia’s progress in meeting important goals stated in the existing strategy, and details the next steps to deliver the 2020 vision. The centrepiece was the Digital First policy commitment and roadmap, which will allow people to apply online for most government services by the end of 2017.

We promoted the benefits of the digital economy by delivering programs that support the Government’s Advancing Australia as a Digital Economy strategy. The Digital Hubs, Digital Enterprise and Digital Local Government initiatives are designed to help communities, local government, small-to-medium enterprises and not-for-profit organisations maximise the opportunities for greater digital engagement enabled by the NBN. We also continued our important work on Cybersafety, including consultation with young Australians through the Youth Advisory Group.

Working with the Australian Public Service Commission, we have been leading and taking part in a trial of NBN-enabled telework by seven agencies. The trial will help realise the Government’s commitment to promote a 12 per cent take-up of telework by 2020. From my perspective, this is a very timely and important project. The trial is helping us to understand the costs and benefits of teleworking in a range of Australian Public Service workplaces, and will provide guidance on its wider application in the private sector.

We also developed the National Cloud Computing Strategy. This was an important step to creating a vision for cloud computing in this country and recognising its importance to the future development of the Australian economy. The Minister launched the Strategy at the CeBIT conference on 29 May 2013.

Following completion of the Convergence Review and the Independent Media Inquiry in 2011–12, the Government released its initial response in March 2013. The initial response included a new model for self-regulation of the print and online news media, a new regulatory test for nationally significant media mergers and acquisitions to take into account diversity considerations, modernised Charters for Australia’s public broadcasters, a permanent reduction in licence fees for commercial free-to-air broadcasters, and requirements for these broadcasters to show additional Australian content. Following robust debate, Parliament passed a number of these measures in late March 2013, including the new Australian content requirements and reductions to licence fees paid by commercial television broadcasters.

Over the past two years, the Department has coordinated the review of the *Interactive Gambling Act 2001*, which culminated in the release of the final report by the Minister on 12 March 2013. This process involved commissioning research, consulting stakeholders, reviewing submissions from the public and holding several workshops to discuss issues raised. We are now consulting with the states and territories on a national standard for harm minimisation and consumer protection that covers all licensed online gambling activities.

In terms of portfolio funding, we assisted the Government's consideration of the funding base for the national broadcasters—the ABC and SBS—for the next three years. In the 2013–14 Budget, the Government agreed to additional funding of \$89.4 million for the ABC and \$20 million for the SBS. These new funds will be used by the ABC to expand news and current affairs services and for the digital delivery of online services. The SBS will use the additional funds to maintain the quality and delivery of its television, radio and online services.

Our budget for the coming year includes a number of initiatives and opportunities that will allow us to continue our strong public policy work and service delivery. We have funding to continue our work in areas including: spectrum restacking assistance; digital enterprise and local government programs to help small business and local councils move online; continue the Satellite Phone Subsidy Scheme to make sure people living, working or travelling in areas without terrestrial mobile phone coverage have access to subsidised satellite phone handsets; further improve community based radio services to increase the radio airplay of contemporary Australian music; and to extend existing essential functions in relation to Australia's transition to the NBN-based telecommunications environment.

I am proud of the professional approach staff have shown to some significant internal issues throughout the year. In April 2013, I announced the need to rebalance our staff profile to prepare us for a future where we are smaller but need to maintain the skills required for a stronger focus on policy work. The need to reduce the size of the Department is due to two factors: the impending completion of the digital switchover program, which has been a major program and focus for us for the past five years, and the winding down of some other digital services programs. To manage these changes we have taken an approach I believe will align skills and experience with priorities, and allow us to effectively manage our staffing into the future. I know these processes are not easy for staff and I thank everyone who has been involved or affected for their patience and professionalism.

From a corporate perspective, my focus will be on continuous improvement of the Department's management and governance frameworks, business planning, information technology and information management, human resource management, stakeholder engagement, and our leadership capabilities. Other corporate initiatives will focus on our strategic policy and research capabilities. This work will culminate in a new Corporate Plan, to be finalised in late 2013.

In relation to our financial performance, the Department reported an operating surplus of \$1.5 million (excluding depreciation) in 2012–13, up from \$1.4 million (excluding depreciation) in 2011–12, with a net cost of services of \$118.8 million.

Drew Clarke
Secretary

OVERVIEW OF THE DEPARTMENT AND THE PORTFOLIO

The goal of the Department of Broadband, Communications and the Digital Economy is to develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector through policy development and program delivery, which promotes the digital economy for all Australians.

The Government's role in developing the digital economy includes laying the foundations for Australia's digital infrastructure, facilitating innovation and setting regulatory frameworks that allow individuals, households, businesses and the community to take up the associated opportunities.

The Department has four broad areas of focus:

- > Transforming the structure of telecommunications—enhancing access to the digital economy by promoting delivery of fast, affordable and reliable broadband and communications infrastructure.
- > Switchover to digital television and enhancing the broadcasting sector—coordinating the switchover from analog to digital television and enhancing the quality and diversity of the broadcasting sector to deliver content and services consistent with community expectations.
- > Realising the benefits of the digital economy—supporting all Australians to safely and securely realise the full innovative potential of the digital economy and ensure reasonably priced, essential communications services are available to consumers and businesses.
- > Enabling a good consumer experience—supporting effective consumer information and research and working with industry to encourage industry-driven solutions to consumer issues, including cybersafety and cybersecurity.

Performance reporting

The Department received government funding to achieve the outcome set out in our 2012–13 Portfolio Budget Statements (PBS). This report details our success in meeting the outcome, which is measured through key performance indicators and deliverables outlined in the 2012–13 PBS and Portfolio Additional Estimates Statements (PAES).

The Department's activities are organised into three program areas to support the efficient, effective and transparent management of our responsibilities in achieving our outcome. The three programs and their key objectives are:

- > Program 1.1 Broadband and Communications Infrastructure—to facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.
- > Program 1.2 Digital Economy and Postal Services—to support all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services.
- > Program 1.3 Broadcasting and Digital Television—to ensure the switchover to digital-only television by the end of 2013. Support access to high-quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.

Through these activities, the Department supports and encourages the development of world-class communications infrastructure.

The Department's commitment to the Australian Public Service Values and Code of Conduct—and achieving the standards set out in our Service Charter—underpins our approach to pursuing our program objectives and outcome in the public interest. We place a high value on efficiency and effectiveness, being innovative and consultative, recognising the public interest and serving the Australian Government.

Outcome and program structure

Figure 1.1 outlines the 2012–13 outcome statement, program objectives and any changes made as a result of PAES. It also includes the 2013–14 PBS outcome and program statements for the coming year.

Figure 1.1 Changes to the outcome and program structure

2012–13 Portfolio Budget Statements	2012–13 Portfolio Additional Estimates Statements	2013–14 Portfolio Budget Statements
<p>Outcome 1:</p> <p>Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector through policy development, advice and program delivery, which promotes the digital economy for all Australians.</p>	No change	No change
<p>Program 1.1 Broadband and Communications Infrastructure:</p> <p>To facilitate the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.</p>	No change	No change
<p>Program 1.2 Digital Economy and Postal Services:</p> <p>To support all Australians to safely and securely realise the full potential of the digital economy. Ensure the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services.</p>	No change	No change
<p>Program 1.3 Broadcasting and Digital Television:</p> <p>Ensure the switchover to digital-only television by the end of 2013. Support access to high-quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.</p>	No change	<p>Program 1.3 Broadcasting and Digital Television:</p> <p>Ensure the switchover to digital-only television by the end of 2013 and completion of the restack of services in the Digital Dividend by the end of 2014. Support access to high-quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.</p>

Department structure and functions

Peter Harris was the Secretary of the Department until 8 March 2013, with Drew Clarke taking over as Secretary from 11 March onwards.

During 2012–13, the Department was organised into three program groups. These were Telecommunications, Corporate and Business; Digital Strategy and Services; and Broadcasting, Digital Switchover and Legal. The role of each group and its key personnel are outlined below.

Telecommunications, Corporate and Business

The Telecommunications, Corporate and Business group administered Program 1.1 in the Department's 2012–13 PBS. It implemented the National Broadband Network initiative and associated regulatory reform and provided advice on telecommunications infrastructure and related matters. This group included the Corporate and Business Division, which provided a range of support services for all staff across the Department.

Ian Robinson was the Deputy Secretary, Telecommunications, Corporate and Business Group. First Assistant Secretaries within the group were:

- > Mark Heazlett—Telecommunications
- > Simon Ash—Corporate and Business

Digital Strategy and Services

The Digital Strategy and Services group administered Program 1.2 in the Department's 2012–13 PBS. It provided advice on telecommunications and online services, consumer issues, postal services and the digital economy. This group had responsibility for issues associated with the development of the digital economy, regional communications, spectrum management, digital innovation, cybersafety and cybersecurity. In 2012–13, it delivered a range of programs including the Satellite Phone Subsidy Scheme, Indigenous Communications, Digital Regions Initiative as well as three programs under the Digital Economy Strategy (which was recently updated by Advancing Australia as a Digital Economy: Update to the National Digital Economy Strategy).

Abul Rizvi was the Deputy Secretary, Digital Strategy and Services. First Assistant Secretaries within the group were:

- > Richard Windeyer—Digital Strategy
- > Keith Besgrove—Digital Services

Broadcasting, Digital Switchover and Legal

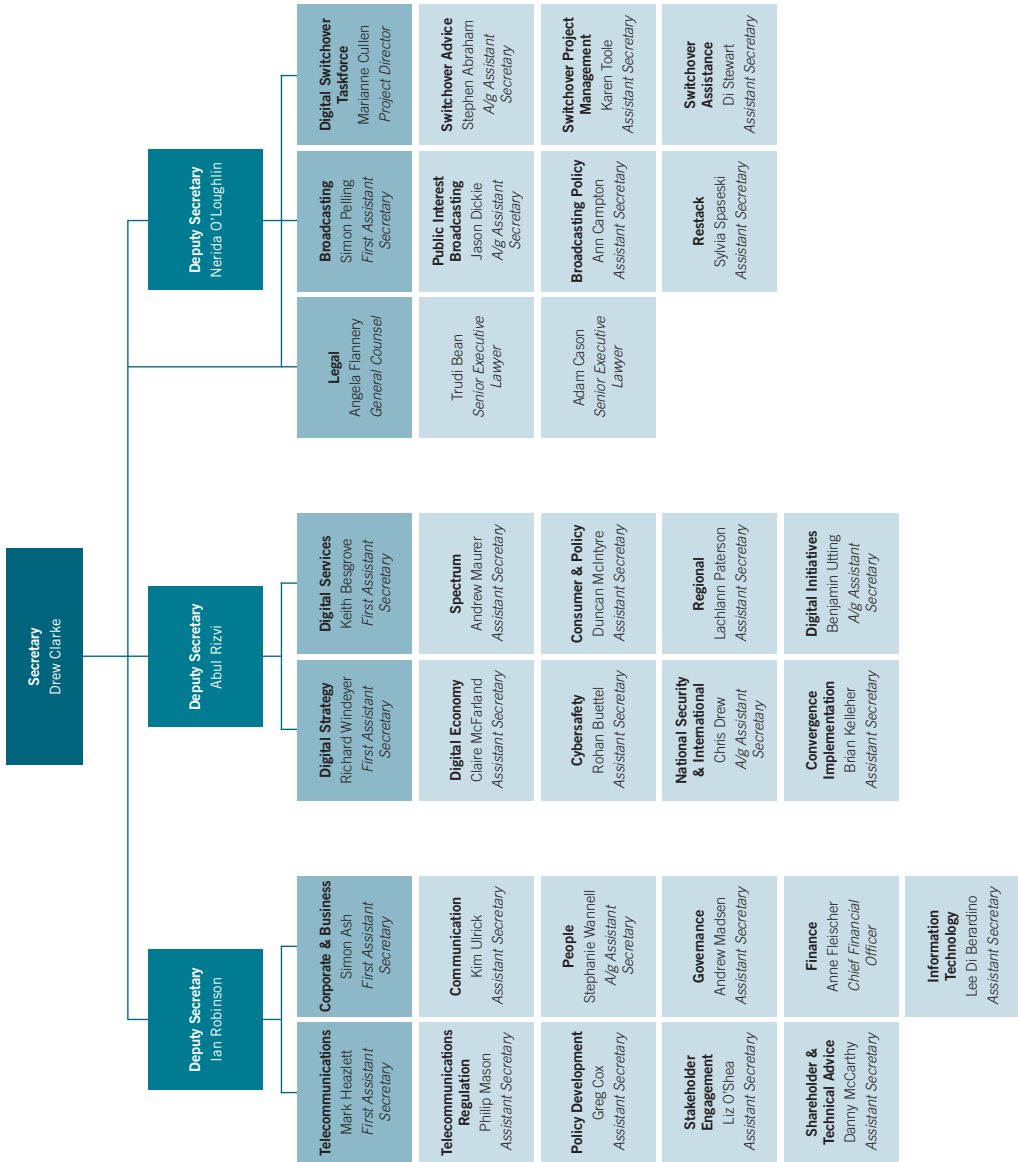
The Broadcasting, Digital Switchover and Legal group administered Program 1.3 in the Department's 2012–13 PBS. It looked after all matters to do with broadcasting, digital television and the restack of services in the Digital Dividend, and provided advice on national, community and commercial broadcasting. The Digital Switchover Taskforce, which formed part of this group, managed the switchover to digital television. This group included our Legal Division.

Nerida O'Loughlin was the Deputy Secretary, Broadcasting, Digital Switchover and Legal. The three divisions within the group were managed by:

- > Simon Pelling—First Assistant Secretary, Broadcasting
- > Marianne Cullen—Project Director, Digital Switchover Taskforce
- > Angela Flannery—General Counsel, Legal

Organisation chart

Figure 1.2 Department of Broadband, Communications and the Digital Economy organisation chart as at 30 June 2013.



Ministerial arrangements

Senator the Hon Stephen Conroy served as Minister for Broadband, Communications and the Digital Economy throughout 2012–13. On 1 July 2013, the following new ministry was sworn in:

- > the Hon Anthony Albanese, MP—Minister for Broadband, Communications and the Digital Economy
- > the Hon Sharon Bird, MP—Minister for Regional Communications
- > Senator the Hon Kate Lundy—Minister Assisting for the Digital Economy
- > the Hon Ed Husic, MP—Parliamentary Secretary for Broadband.

Portfolio structure

The portfolio structure comprises the Department, the Australian Communications and Media Authority (ACMA), Australia Post, the Australian Broadcasting Corporation (ABC), the Special Broadcasting Service Corporation (SBS), NBN Co Limited (NBN Co) and the Telecommunications Universal Service Management Agency (TUSMA). Further detail on these agencies is available in Figure 1.3.

Figure 1.3 Portfolio agencies as at 30 June 2013

<p>Australia Post</p> <p>Australia Post is a Government Business Enterprise, wholly owned by the Australian Government. It provides a high-quality mail and delivery service to all Australians and a range of parcel and logistics services.</p> <p>Website www.auspost.com.au</p>
<p>ABC</p> <p>The ABC is a national broadcaster. It contributes to and reflects Australia's national identity, fosters creativity and the arts and encourages cultural diversity. The ABC is an integral part of the radio, television and online production industries and the news and information media.</p> <p>Website www.abc.net.au</p>
<p>The ACMA</p> <p>The ACMA is responsible for regulating broadcasting, radio communications, telecommunications and online content in accordance with legislation. The ACMA works with all stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards.</p> <p>Website www.acma.gov.au</p>
<p>NBN Co</p> <p>NBN Co is a Government Business Enterprise, wholly owned by the Australian Government. Its role is to plan, roll out and operate the National Broadband Network, providing high-speed broadband access to all Australians.</p> <p>Website www.nbnco.com.au</p>
<p>SBS</p> <p>The SBS is a national broadcaster. It provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.</p> <p>Website www.sbs.com.au</p>
<p>TUSMA</p> <p>TUSMA is responsible for supporting the delivery of universal service and other public interest telecommunications services to all Australians.</p> <p>Website www.tusma.gov.au</p>

02

PERFORMANCE REVIEW

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In this section, we report on how well we implemented our three programs. To measure our performance, we benchmarked our program initiatives against the success measures published in our 2012–13 Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES), and we assessed how well we managed our finances.

Our three programs are:

- > Broadband and Communications Infrastructure
- > Digital Economy and Postal Services
- > Broadcasting and Digital Television.

The role risk management played in helping us achieve our objectives and reporting on our Service Charter and customer complaints is covered in the Management and Accountability section, under the Risk management and fraud control and Internal audit sub-sections.

PROGRAM 1.1: BROADBAND AND COMMUNICATIONS INFRASTRUCTURE

The Broadband and Communications Infrastructure Program aims to increase the availability of fast, affordable and reliable broadband and communications infrastructure across Australia.

National Broadband Network

National Broadband Network rollout

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Implementing the Government's National Broadband Network initiative, including:
 - supporting the Minister for Broadband, Communications and the Digital Economy in his role as a joint Shareholder Minister of NBN Co Limited
 - implementing and monitoring regulation that ensures NBN Co Limited operates on an open-access, non-discriminatory wholesale-only basis; facilitates the rollout of the network; and supports the installation of fibre in new communities

During 2012–13, the Department supported the Minister by providing advice on policy, regulatory and rollout issues associated with the National Broadband Network (NBN), and supported the Government in implementing its NBN policy objectives. This allowed us, and NBN Co Limited (NBN Co), to achieve the outcomes below.

Throughout the year, NBN Co continued to rollout the NBN with construction of the NBN fibre network across all states and territories in Australia. At 30 June 2013, NBN fibre services were available to more than 207 500 premises. The national take-up rate for these services was more than 30 per cent in areas connected for over six months, with some areas achieving 66 per cent take-up.

NBN Co also continued to rollout its fixed wireless network. At 30 June 2013, fixed wireless services were available to 27 300 premises and NBN Co announced that over 200 local government areas across Australia are set to receive fixed wireless services.

NBN Co's interim satellite service provides eligible rural and regional Australians with immediate access to enhanced broadband services ahead of NBN Co's long-term satellite service, which will operate from 2015. This will make sure every community in regional Australia has access to affordable high-speed broadband. At 30 June 2013, 34 600 interim satellite services were active across Australia.

NBN Co now has key contracts in place for its long-term satellite service. These cover the manufacture of two Ka-band satellites, equipment for the ground stations and end-user premises, the construction of ground stations, and launch services to place the two satellites into orbit.

On 6 February 2013, NBN Co announced the fixed wireless and long-term satellite services would be able to offer peak download speeds of up to 25 Megabits per second (Mbps) and upload speeds of up to five Mbps. The increased download speeds are double those currently available over the fixed wireless network and over four times those available on the interim satellite service.

On 5 May 2013, NBN Co released its updated three-year national fibre rollout plan. The 2013–16 plan lists 4.8 million homes and businesses that will see the fibre network either start, or finish, by mid-2016. This represents an extra 1.3 million premises when compared to the 2012–15 plan.

Joint Committee on the National Broadband Network

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Monitor NBN Co Limited's performance and provide timely and effective reporting to Government and the six-monthly Joint Committee of the National Broadband Network reviews

The Department reported quarterly to the Government on NBN Co's deployment of the NBN. We also supported the Government by tabling six-monthly reports on the progress of the rollout to the Joint Committee on the National Broadband Network (JCNBN). We made a submission to the JCNBN on the Regional Telecommunications Independent Review Committee Review and Mobile Phone Coverage in April 2013. We attended Committee hearings, helped the Secretariat with briefings and responded to questions, and coordinated the Government response to recommendations in two JCNBN reports.

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Implementing the Government's National Broadband Network initiative, including implementing and monitoring regulation that ensures NBN Co Limited operates on an open-access, non-discriminatory wholesale-only basis; facilitates the rollout of the network; and supports the installation of fibre in new communities
- > Monitoring implementation of the structural separation of Telstra and the Telstra Migration Plan, and otherwise ensuring the existing regulatory framework operates effectively, particularly during the rollout of the National Broadband Network
- > Timely and effective policy advice on implementation of the National Broadband Network and the underpinning telecommunications legislative framework, leading to increased availability of fast, affordable and reliable broadband and communications infrastructure

The Department and NBN Co agreed in principle on the protocols NBN Co would adopt to connect public interest premises including schools, universities, hospitals and aged care facilities to the NBN. Based on these, NBN Co conducted a trial for connecting these institutions and reported its findings to the Government.

The Department and NBN Co also agreed in principle on the protocols NBN Co would adopt to minimise the number of premises likely to become frustrated with the rollout, particularly in multi-dwelling units. Scenarios canvassed in the protocols included those that might give rise to a legal impediment or objection that could prevent NBN Co from gaining access to provide an NBN connection. NBN Co has developed comprehensive engagement and escalation strategies to make sure such impediments or objections can be resolved.

The Department asked owners of fibre to the premises networks—in existence as at 1 January 2012—to apply to have these assessed as 'adequately served', that is, capable of providing NBN equivalent services. At the time of going to print, a number of these networks had received conditional determinations that they were adequately served, subject to the applicant agreeing to certain carrier licence conditions. Consultation on the provisions of these licence conditions will be scheduled.

The Telecommunications (Consumer Protection and Service Standards) (Characteristics for Standard Telephone Service) Regulation 2012 removed the need for pre-selection to be provided on a standard telephone service (STS), when the service is supplied using wireless technology or over a wholesale-only fibre-based network. The amendment allows for flexibility when an STS is being provided in new developments where planning or deployment of a fixed-line network is underway.

The Department liaised with NBN Co and the Australian Competition and Consumer Commission (ACCC) on NBN Co's Special Access Undertaking. The Undertaking sets out the terms and conditions on which NBN Co will provide services and, if accepted by the ACCC, will provide long-term certainty for NBN Co, its customers and end-users. We made two submissions to the ACCC on this issue and provided advice to the Minister on NBN Co's Undertaking and the ACCC's draft decision.

The Department and NBN Co continue to work with key industry bodies and stakeholders to make sure legacy services, such as medical and security alarms, are migrated to the fibre network without losing functionality. Throughout 2012–13, we continued to monitor NBN Co's activities and performance in brownfields and new developments, liaised with the company on its performance, examined new implementation issues, consulted stakeholders, liaised with state and territory governments, and provided information to the public and other stakeholders.

We monitored the implementation of Telstra's Structural Separation Undertaking (SSU) and Migration Plan by liaising with the ACCC and taking part in the Wholesale Telecommunications Consultative Forum. This forum was organised by the ACCC, which was responsible for overseeing the implementation of the SSU and Migration Plan. We also advised the Minister on Telstra's compliance with its obligations under the SSU. Together, the SSU and Migration Plan allow for the progressive disconnection of Telstra's copper network and the broadband capability of its hybrid fibre-coaxial network as NBN Co rolls out the wholesale-only fibre network.

Shareholder advice

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Implementing the Government's National Broadband Network initiative, including supporting the Minister for Broadband, Communications and the Digital Economy in his role as a joint Shareholder Minister of NBN Co Limited

We supported the Minister in his role as a joint Shareholder Minister of NBN Co by providing advice on the governance and oversight matters outlined in the *Commonwealth Authorities and Companies Act 1997* and the Commonwealth Government Business Enterprise—Governance and Oversight Guidelines (October 2011). This included advising the Minister on NBN Co board appointment processes, the review of the Corporate Plan and Annual Report and notification of significant events. On 8 August 2012, the Government publicly released NBN Co's Corporate Plan 2012–15.

During 2012–13, the Department provided \$2.4 billion in equity funding to NBN Co. We advised the Minister on equity payment processes.

Stakeholder engagement and information activities

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Providing consumers and small business with access to accurate information on the National Broadband Network rollout
- > Effective information sources established for consumers and small business on how to transition to the National Broadband Network

We liaised with NBN Co to develop effective information sources and a governance framework to help consumers and small businesses transition to the NBN. In particular, we continued to work with NBN Co to develop the Public Information on Migration campaign, which informs end-users about the imminent switchover of services from the existing copper telecommunications network to the NBN. We also took part in working groups created for those seeking access to the NBN, as well as business and consumer representatives.

Regular meetings were held with the NBN Liaison Group, which is made up of representatives from the Department, NBN Co and state and territory governments. The meetings provide a forum for NBN Co to update state and territory representatives on the progress of the NBN rollout and any regulatory and policy issues being considered. The meetings give representatives the opportunity to discuss initiatives relevant to the rollout of the NBN.

We conducted an NBN metropolitan advertising campaign during 2012–13. The first stage of the campaign took place between early November and December 2012, while the second phase started in mid-March and ran until the end of April 2013. We also worked on the design and implementation of a forward-looking stakeholder engagement strategy.

In addition, we responded to ministerial correspondence and other inquiries relating to new developments, infrastructure installation, telecommunications competition, access to broadband and electromagnetic radiation.

Telecommunications reform

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Improving the effectiveness of the regulatory framework to apply during and following the rollout of the National Broadband Network

Throughout 2012–13, the Department continued to look at a range of issues to improve the operation of the regulatory framework.

The Telecommunications (Low-impact Facilities) Determination 1997 (LIFD) identifies telecommunications facilities that carriers can install under streamlined processes using carrier powers and immunities. The LIFD was amended by the Telecommunications (Low-impact Facilities) Determination 1997 (Amendment No. 1 of 2012) to make it clear that powers and immunities also apply to equipment that is ancillary to facilities already covered by the LIFD. By doing this, the amendment supports the continued deployment of telecommunications infrastructure.

We consulted on possible amendments to the submarine cable protection regime. The proposed amendments addressed issues raised in the review of the regime. The proposed amendments would:

- > Ensure greater consistency between Schedule 3A and international law.
- > Bring domestic submarine cables within the scope of the regime.
- > Provide a clearer consultation process on installation permit applications.
- > Streamline the installation process.
- > Enhance the general operation of Schedule 3A.

We took part in the Australian Communications and Media Authority's (ACMA) Technical Advisory Group and Technical Working Group. These dealt with the technical regulation of telecommunications in Australia. A submission was made to the ACMA's review of the Telecommunications Labelling (Customer Equipment and Customer Cabling) Notice 2001.

The Department took part in the Australian Radiation Protection and Nuclear Safety Agency's Electromagnetic Energy Reference Group. This Group brings together representatives from Government, the telecommunications industry, community representatives and health professionals to discuss issues associated with radiofrequency electromagnetic radiation.

We provided advice to the Minister on amendments TransACT requested to two of the three exemptions from the level playing field arrangements granted in April 2012 under Parts 7 and 8 of the *Telecommunications Act 1997* (Telecommunications Act). The amendments gave TransACT greater flexibility in the supply of wholesale services on these networks. The Minister granted the requested amendments on 9 November 2012.

The Department took part in two working committees facilitated by Communications Alliance. These dealt with streamlining local number portability processes and longer-term improvement, particularly where end-users have migrated onto the NBN.

We also supported the Minister in making two carrier licensing exemptions. These included:

- > The Determination under subsection 23(2) (No. 1) 1998 (Amendment No. 1 of 2012) that amends the existing definition of a joint venture to include associations of people engaging in a common undertaking for product, as well as for profit, as is currently provided for in exemptions.
- > The Telecommunications (Carrier Licence Exemption—ICON, SSICT and ACTEW Networks) Determination 2013 (No. 1) that was made under section 51 of the Telecommunications Act to allow existing private networks owned by the Commonwealth, Australian Capital Territory (ACT) Government and ACTEW Corporation to be used by one another within the ACT. The determination allows use of the networks for specified purposes without requiring a carrier licence to support the practical, efficient and secure supply of communications services in the ACT.

PROGRAM 1.2: DIGITAL ECONOMY AND POSTAL SERVICES

The Digital Economy and Postal Services Program supports all Australians to safely and securely realise the full potential of the digital economy. It makes sure consumers and businesses have access to reasonably priced and reliable basic and essential communications services.

Promoting the digital economy

The 'digital economy' refers to a global network of economic and social activities that are enabled by platforms such as the internet, mobile and sensor networks. Digital technologies are a key enabler of innovation and a driver of productivity and improvement across Government, business and the community. Government policies, including those relating to infrastructure, regulation and innovation have a direct role in facilitating the development of the digital economy.

The Government's vision for the digital economy was set out in the 2011 National Digital Economy Strategy (NDES). This outlined the goal of Australia becoming a leading digital economy by 2020. Other goals related to online business, e-government, household participation, education, health, regional Australia, the environment and teleworking.

Building on the NDES, the Government renewed its engagement with stakeholders via the October 2012 Digital Economy Forum hosted by the Prime Minister. Stakeholders were able to raise issues at the Forum including cloud computing, support for ICT start-ups and online businesses, government digital leadership, and digital literacy and skills.

In response to this Forum, an update to the NDES was developed and launched by the Minister on 12 June 2013 at the Digital Productivity Conference. This outlined Australia's progress in meeting the ambitious goals outlined in the NDES and set out a range of new initiatives. The centrepiece was a new Digital First commitment and roadmap for making the majority of government services able to be completed online. Under this policy, which is similar to those adopted in leading digital economies worldwide, digital channels will become the main way the Government delivers services, and users deal with government programs.

Digital First commits the Government to the goal that by December 2017, Australians will be able to fully carry out the majority of their transactions with the Government online, including initial registration and authentication. Where a face-to-face service is required, this will progressively be offered using videoconferencing tools rather than requiring people to visit shopfronts or other physical locations. Importantly, in recognition of the growing popularity of mobile devices, government services will be made available on all major platforms including mobile and tablet devices.

Alternative channels of service will remain so agencies can provide help to those who cannot easily access online services. Agencies have also committed to helping their clients to use online channels.

The update contains a package of other measures to support the digital economy. These include an expanded Digital Local Government Program, additional reviews to make sure Australia's regulatory environment remains competitive as well as digital literacy and ICT skills' initiatives. The Government has initiated the Digital Careers Program to encourage more school students to enrol in technology courses at tertiary level. To help business adapt to the digital economy, the update expands the Digital Enterprise Program to an additional 23 communities across Australia. In addition, a Virtual Advisor service will help Indigenous Australians, small-to-medium (SME) Indigenous-owned and operated enterprises, and not-for-profit (NFP) organisations located in regional, rural and remote areas of Australia. Individuals and organisations are also eligible to take part in this virtual training. A new program to develop digital business kits for SME and NFP organisations in 10 major industry sectors has also been introduced to help these areas develop their online business capabilities.

The Department has been working closely with other Australian Government agencies to provide technical advice and project support to implement pilot programs designed to stimulate and drive digital productivity. In the past 12 months, a number of major milestones have been met and new services have started. Highlights include:

- > An educational portal named Splash was launched by the ABC in December 2012 and can be found at the splash.abc.net.au website. Splash includes high-quality digital content from the ABC's archives and provides interactive, multimedia experiences for students, in line with the Australian Curriculum.
- > In March 2013, the Minister launched the CSIRO mobile robot in the National Museum of Australia. The robot allows students using high-speed broadband to remotely tour the Museum.
- > Community legal services are available using videoconferencing via the NBN in four regions of Australia under round one of the NBN Regional Legal Assistance Program (Attorney-General's Department).
- > A number of services provided by the Department of Human Services are now available over high-definition videoconferencing to eligible clients, including Financial Information Service seminars, Job Capacity Assessments and education seminars for health and allied health professionals.
- > Allied health and education services are available to children with vision and/or hearing impairment over videoconferencing in select remote and regional areas (Department of Families, Housing, Community Services and Indigenous Affairs).
- > Seniors continue to have access to the internet at over 2000 kiosk points across the country, including via the NBN (Department of Families, Housing, Community Services and Indigenous Affairs).
- > In May 2013, nine successful applicants for the NBN-Enabled Telehealth Pilot Program were announced. These projects will test new models of aged, palliative and cancer care and will deliver services in over 50 NBN sites. A number of projects have already started service delivery.
- > Older Australians with chronic diseases living in Armidale and Kiama in New South Wales are receiving in-home health monitoring services and are able to videoconference with their care coordinators via the NBN.
- > Young Australians with, or at risk of, mental health problems in NBN-enabled areas of Kiama are receiving mental health services via high-definition videoconferencing from headspace Illawarra.
- > Newly arrived migrants and humanitarian entrants are taking part in virtual classrooms that provide a flexible and convenient way of accessing English tuition to help them develop language skills. These help them to settle successfully in Australia (Department of Immigration and Citizenship).
- > In August 2012, 12 successful applicants were announced under the NBN-Enabled Education and Skills Services Program. The selected projects will give students in primary schools, high schools, TAFEs and universities across Australia access to innovative education and training services.
- > In February 2013, the John Monash Science School began delivering virtual classes in emerging sciences (including astrophysics, nanotechnology and quantum physics) to year 10 students in Victoria, South Australia, Tasmania and the ACT.
- > In March 2013, the Education 2020 project was launched. This project allows students in four NBN-enabled schools to remotely control teleoperable Mars Rover equipment located at the Powerhouse Museum in Sydney.

Digital Productivity Conference

A Digital Productivity Conference was held by the Department on 12 to 13 June 2013 in Brisbane. The conference brought together experts and practitioners from across industry, Government and the community to show how service delivery is being transformed by high-speed broadband.

Along with the hundreds in attendance, the event was webcast live and broadcast to Digital Hubs. The Minister opened the event, and was followed by two concurrent streams of discussion and demonstrations that covered topics such as digital literacy, regional Australia, cloud computing, health and ageing, telework, education and training, online business and e-government.

The event was well-received by all attendees and successfully showed practical examples of service delivery over high-speed broadband. Attendees compared and contrasted the design of different digital productivity trials that are taking advantage of the NBN and discussed the options for scaling up these trials for wider adoption.

Telework

The Department worked with the Australian Public Service Commission to promote the Government's National Digital Economy Goal for 12 per cent of Australian employees to take-up telework by 2020. This is being done by coordinating and taking part in a trial of NBN-enabled telework by seven agencies. The trial will test the costs, benefits and issues associated with the broader implementation of NBN-enabled telework across the Australian Public Service. Agency trials started progressively from April 2013 and will end in January 2014, with a report to the Government in early 2014. At June 2013, six officers from the Department were taking part in the trial, with up to eight expected to join as fibre services become available.

A successful National Telework Week 2012 was held in November, with over 30 events across Australia involving 4800 participants. We have started planning a second National Telework Week to be held in November 2013. Throughout 2012–13, the Department continued to grow its network of telework partners to more than 160 businesses and NFP organisations, to both demonstrate and promote the benefits of telework.

Internet Basics website

On 7 March 2013, the Department launched the internetbasics.gov.au website. The site provides a starting point for internet novices to build the skills and confidence needed to get online. Introducing basic digital literacy concepts and internet terms in Plain English, the website uses videos and text to help new users understand how the internet can benefit their daily lives. The website is a key training resource for the Digital Hubs, fostering improved user confidence and encouraging increased participation in the NBN-enabled digital economy.

National Cloud Computing Strategy

In October 2012, the Government announced the development of a National Cloud Computing Strategy. This recognised the importance that cloud computing will have to the future development of the Australian economy and the synergies between the NBN and cloud computing.

The Strategy sets out the Government's vision for cloud computing in Australia, and outlines a series of actions to:

- > Maximise the value of the cloud in Government. This will include changes to procurement policy to make sure government agencies consider cloud services for information and communication technology (ICT) procurements.
- > Promote cloud to small businesses, NFP organisations and consumers. As part of this the Government will encourage industry and consumer groups to develop a Cloud Consumer Protocol to promote information disclosure by cloud providers and support consumers of cloud services being well informed.
- > Support a vibrant cloud sector. This will include ongoing collaboration between the Government and industry to promote Australia as a trusted hub for data storage and processing, while encouraging foreign investment and participation.

The Minister released the Strategy on 29 May 2013. The National Cloud Computing Strategy is available at www.dbcde.gov.au/cloud.

Cloud + NBN Forum

The Cloud + NBN Forum was held in Sydney on 8 August 2012 and hosted by the Minister. The event was attended by 250 guests from the ICT and non-ICT industries, cloud service vendors and enterprise customers, representatives from the small business and NFP sectors, policy makers, regulators, industry bodies—including consumer representative groups and business and technology media. The Forum showcased examples of companies, NFP agencies and community groups that are already adopting cloud computing solutions, and allowed attendees to hear about their experiences.

Consumer and business engagement in the digital economy

Digital Hubs Program

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy by establishing a Digital Hub in each of the first 40 communities to be connected to the NBN
- > Increased online engagement by individuals as a result of accessing Digital Hubs Program training
- > Extent to which Australian households who are not online, or who have limited confidence or experience participating online, engage with the National Broadband Network as it is rolled out to them.

The Digital Hubs Program provides grant funding of \$13.6 million to help local residents gain training in digital literacy skills, which will help them to take part in the NBN-enabled digital economy. Particular focus is on those Australians who are not engaged online, including seniors, low-income earners, those from non-English speaking backgrounds and regional and Indigenous clients.¹

Digital Hubs have been established in 40 communities that benefit from the NBN where work on the rollout has already started. Local organisations such as public libraries, councils and vocational education institutions have been successful in securing government funding to establish Digital Hubs in their communities. At June 2013, Digital Hubs had delivered 16 564 training sessions to over 31 430 participants and welcomed more than 220 000 visitors.

Digital Hubs also demonstrate technology and applications that are enabled or enhanced by the NBN and are available and affordable for use in households today. Visitors to Digital Hubs are able to use and experience NBN-enhanced technology such as videoconferencing and remote health monitoring devices that demonstrate the opportunities of connecting to the NBN.

Client feedback indicates participants in training at the Digital Hubs are starting to engage more online, with 82 per cent of participants reporting an increased understanding of the benefits and opportunities presented by the NBN. Client feedback also shows strong qualitative outcomes for those taking part in Digital Hub training, with 96 per cent of respondents advising the trainer was helpful and 82 per cent reporting they would use the Digital Hub for additional training in the future.² Based on current attendance, it is expected that over 120 000 people will have benefited from training provided by the program when it ends.

In 2012–13, the program incurred \$2.7 million in administered expenses.

1 Australian Bureau of Statistics, Household Use of Information Technology, Australia, 2010–11, cat. no. 8146.0, 15 December 2011.

2 Data collected from training participant feedback forms.

Participant feedback

Anne Cunningham lives in Armidale in New South Wales and has a son with a disability. Anne said: 'I found it really opened my eyes to how one could conduct medical examinations and reviews using videoconferencing. I feel comfortable to know the service is available, especially if we have a need to see a specialist located in another city. I would absolutely be keen to do that, as it would save us time and money.'

Sophie Lazenkas, who lives in Brunswick Victoria, said: 'My involvement with the Brunswick Digital Hub has changed my life for the better. It has opened up a whole new way of communicating and carrying out my daily tasks. This has been a wonderful program for me. It is a very welcoming environment and the trainers are so helpful. The Australian Government is to be congratulated for funding this free program. Without it I would have remained cut off from the digital world.'

Digital Enterprise Program

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy by establishing the delivery of Digital Enterprise services in each of the first 40 communities to be connected to the NBN

- > Number of small-to-medium enterprises and not-for-profit organisations that have attended Digital Enterprise Program training

- > Increased online engagement by small-to-medium enterprises and not-for-profit organisations as a result of accessing Digital Enterprise Program training

- > Extent to which small-to-medium enterprise, not-for-profit organisations and local cultural institutions establish or enhance their online presence utilising the National Broadband Network

Digital Enterprise services provide free group training and face-to-face support for SME and NFP organisations to help improve the way they do business and deliver services online. Key areas of focus include helping them understand how they can use the NBN to diversify their operations. Strategies include improving their online presence and competitiveness, offering new products and services, expanding their market and increasing the ways they communicate with customers and suppliers. For NFP organisations, the goal is to help them extend their reach into the community, expand their donor pools or membership and explore more innovative ways to create awareness for their causes.

The services have been progressively established in 44 communities since February 2012. In April 2013, a call for grant applications was made in three additional locations: Gosford and Wollongong in New South Wales and the Gold Coast in Queensland, with Digital Enterprise services expected to start in these places in the second half of 2013. At June 2013, a combined total of 2745 group and individual training sessions had been delivered to SME and NFP organisations, which involved a total of 10 031 participants.

Data shows the program is delivering effective outcomes for SME and NFP organisations. Eighty-two per cent of participants reported increased understanding of the benefits of engaging online; 81 per cent intended to improve their online presence or activities; and 87 per cent reported improved efficiency, productivity, revenue, access to target markets or other improvements to organisational performance.³

In May 2013, a call for grant applications was made for Digital Enterprise providers in a further 23 communities. Services will be established in these communities throughout 2013–14 following the allocation of \$6.1 million to extend the program. This will bring the total number of Digital Enterprise services around Australia to 70.

During 2012–13, applications were also sought for a virtual advisor service that will primarily assist Indigenous Australians, small-to-medium Indigenous-owned and operated enterprises, and NFP organisations located in regional, rural and remote areas of Australia. These additional enterprise services will operate from the second half of 2013.

In 2012–13, the program incurred \$1.9 million in administered expenses.

Participant feedback

Belinda Fettke from Launceston, Tasmania, owns her own small business called BPhotography and attended the Digital Enterprise training. Sharing her experience, she said: 'I'm just so excited about all the marketing possibilities open to small businesses at the moment with the national broadband rollout about to commence in Tasmania! The Digital Enterprise Program has been so helpful in teaching us marketing maximisation techniques. It has shown us the importance of a strong presence on the web and taught us to use Google and Facebook analytics to assess the relevance and impact of the tools we are using.

'I have embraced the social media world slowly gaining more and more confidence with their support and encouragement and now have a Facebook business page, am actively using my LinkedIn account, have a gorgeous new webpage presence which really encompasses who I am and what my business is all about. I have recently posted my first blog and am 'twittering' sweetly for all to hear. I can't recommend this series of seminars highly enough and would encourage anyone in small business to book in for the next series in 2013.'

Stephanie Cameron of Tamworth, New South Wales, runs East West Enviroag. Sharing her thoughts on the Digital Enterprise training, she said: 'The Digital Enterprise training will help amazingly! I am in the process of refining East West's digital strategy and I am excited about the future and the improved marketing and increased productivity that will result. We are looking at developing applications, becoming a paperless office, using cloud technology, signing on to the NBN, developing a new website with the features recommended such as blogs and "how to" YouTube video links, further developing Google Adwords and using other search engines and optimising our networking using LinkedIn and Facebook.'

³ Data sample collected from communities funded under round one of the program as part of a program evaluation.

Digital Local Government Program

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy by working with 40 local governments to enable them to maximise the opportunities provided by the NBN
- > Number of people accessing the local government funded NBN-enabled online services, and the efficiency gains obtained

Through the Digital Local Government Program, the Department is working with 33 local governments to deliver improved online services and maximise the opportunities provided by the NBN. Five eligible local governments chose not to take part in the program in 2012–13.

Thirteen councils are already delivering services through the program, with a further 20 services to progressively come online by the end of 2013. The number of people accessing the NBN-enabled online services and the level of efficiency gains achieved by each council under the program will be assessed at the end of the initiative.

Kiama Municipal Council's online community engagement project is providing greater access to council services for residents and businesses. This includes community members who for social, demographic or mobility reasons, are not able to attend face-to-face workshops and forums. Seniors, at-home parents and carers are now able to take part in council activities via video, saving both time and money. Since the project was launched in October 2012, 74 people have participated online in council workshops.

Local governments such as Moreland City Council are using high-definition videoconferencing to successfully deliver general customer support services online. Customer support officers from Moreland City Council have taken part in 239 videoconferencing sessions since February 2013 to resolve inquiries online. Fifty-one residents have also participated in seven videoconferencing webinars.

As well as improving frontline support services, councils are increasingly using videoconferencing to consult with the community and other stakeholders on important local issues and for day-to-day meetings, creating further efficiencies and reducing the travel burden. Two regional Tasmanian councils, George Town and Circular Head, have held 33 multiparty videoconferences.

Sorell Council has implemented an online emergency management system (OEMS). During the January 2013 bushfires in Tasmania, Sorell Council was able to utilise elements of the OEMS to establish Rich Site Summary feeds from the media and Bureau of Meteorology, send alerts, use its mobile app for asset tracking, as well as validate and add safer places using live mapping. The system's tasking features will be utilised as part of the Sorell community's recovery effort over the next two years.

Some councils have launched their online building/development application and videoconferencing services. Dorset Council in Tasmania received four online building and development applications within the first two weeks of the Council launching its services. As these projects are further developed, councils are introducing enhanced property information to help with pre-application lodgement inquiries.

A particular objective of the program is to develop innovative online local government services that can be adapted by other councils. Four interactive toolkits have been commissioned, based on the lessons learnt from the initial Digital Local Government projects, to help councils that are not taking part in the program implement similar services.

Following the success of the program, the Government has announced \$5.7 million in new funding, of which \$5.0 million is administered, for a competitive round four of the Digital Local Government Program. Forty-four local governments are eligible to apply, with 15 council projects to be funded in 2013–14.

Digital Business

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy by maintaining the digitalbusiness.gov.au website, which offers practical guidance for small business and community organisations to establish or enhance their online presence and leverage the benefits of participating in the digital economy.

The Department manages the digitalbusiness.gov.au website. The site provides practical guidance for small business and community organisations looking to create or improve their online presence and benefit from taking part in the digital economy.

After its launch in beta in 2010 and extensive user research, the website was revamped in 2012. The content was updated and expanded to cover topics such as social media in more detail, while the design was improved to be more user-friendly. In addition, the new website was created in a mobile responsive layout to cater for the increasing audience visiting via mobile devices. Feedback has been positive, with one user commenting: ‘The new site layout is fantastic. Thanks for the great work this year. We’ll continue to follow the site in 2013.’

The digitalbusiness.gov.au website is directly reaching out to small business and community organisations. It covers topics such as creating a website and using social media and e-commerce. The website also maintains a blog with the latest trends and insights into doing business online and provides inspirational case studies of regular Australians who are achieving success online.

Interest in digitalbusiness.gov.au has continued to grow. Average monthly visits increased from around 4600 during 2011–12 to over 6800 in 2012–13 (an increase of 48 per cent). These visits resulted in more than 19 000 page views each month, an increase of more than 30 per cent on the previous year’s average.

Improving services in regional, rural and remote Australia

Indigenous Communications Program

The Indigenous Communications Program aims to improve access to telecommunications for Indigenous Australians living in remote communities.

The program has two elements:

- > The Community Phones element provides funding to install and maintain community phones in remote Indigenous communities, and provides satellite handsets where appropriate.
- > The Internet Access and Training element provides funding to improve access for Indigenous Australians in remote communities to public internet facilities and computer training, in partnership with state and Northern Territory governments.

Internet access and training

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

Indigenous Communications—Internet Access and Training

- > Improving services to regional, rural and remote Australia in collaboration with state and territory governments and Indigenous communities, providing improved public internet access and computer and internet training to remote Indigenous communities
- > Availability and usage of public internet access facilities in remote Indigenous communities
- > 100 remote Indigenous communities with maintained public internet access services
- > 32 000 people in remote Indigenous communities with maintained public internet access services
- > 50 remote Indigenous communities provided with computer and internet training
- > 500 people in remote Indigenous communities participating in computer and internet training

The Public Internet Access and Training element of the program is delivered in cooperation with the states and the Northern Territory under the Remote Indigenous Public Internet Access National Partnership Agreement. This Agreement plays a key role in enabling Indigenous Australians in remote communities to access the internet and take part in the digital economy.

This initiative targets remote Indigenous communities that have limited or no public internet facilities and an estimated permanent resident population of 100 people. Approximately 50 000 Indigenous Australians in 102 remote Indigenous communities in New South Wales, Northern Territory, Queensland, South Australia and Western Australia have maintained public internet access services through the program. The training aspect has seen more than 5000 Indigenous Australians across these communities trained in internet and computer use since July 2009.

The availability and use of public internet facilities in remote Indigenous communities enables Indigenous Australians to access a range of information and services that may assist in ‘Closing the Gap’.

This element of the Indigenous Communications Program also forms part of the Government’s social inclusion agenda and strategy, which aims to give every Australian the help they need to access the opportunities society has to offer. As part of this strategy, the Government has developed strategic change indicators (SCIs) to measure progress in improving social inclusion. The key performance indicator in the above table from the Department’s PBS (‘availability and usage of public internet access facilities in remote Indigenous communities’) is also an SCI under the Government’s social inclusion strategy.

In 2012–13, the program incurred \$1.9 million in administered expenses.

Community phones

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

Indigenous Communications—Community Phones

- > Improving services to regional, rural and remote Australia by maintaining existing community phones and providing community phones to remote Indigenous communities with no access to public phones and with baseline populations of less than 50 people

- > Extent to which the phones are in operation, particularly for emergency purposes in remote Indigenous communities

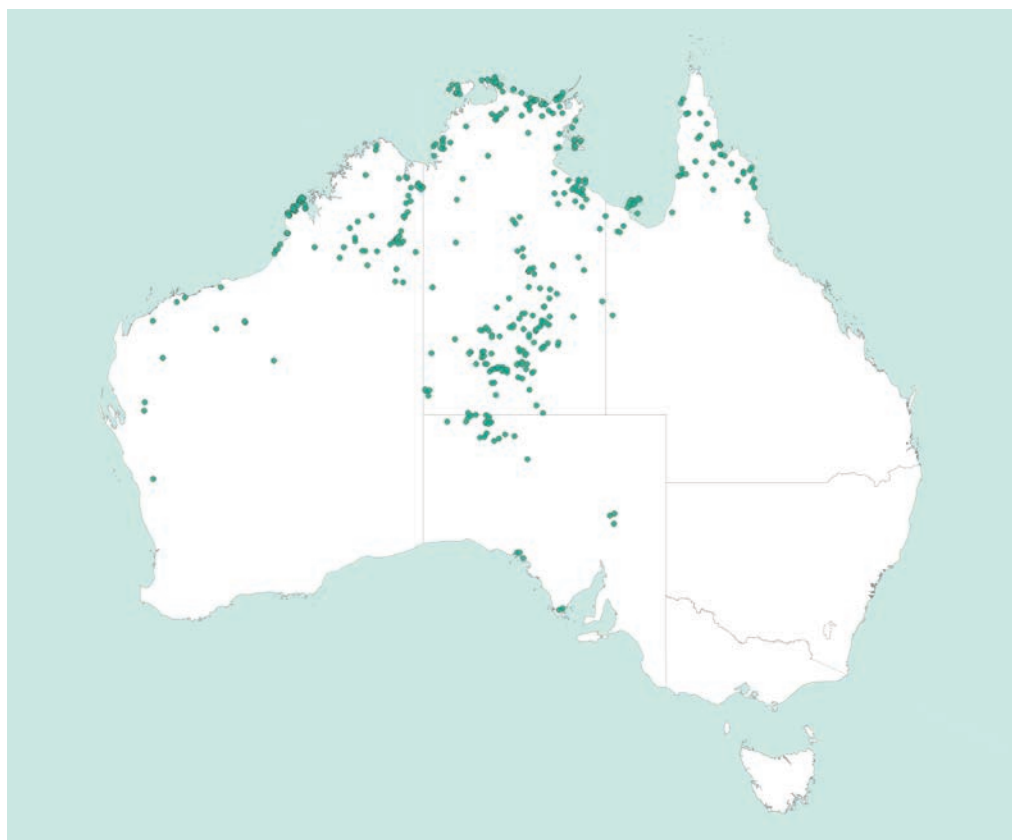
- > Each month, remote Indigenous community phones are fault free 90 per cent of the time

- > 550 phones monitored and maintained in remote Indigenous communities

The key outcomes of the Community Phones element of the program were:

- > Five hundred and forty phones and 73 mobile handsets were maintained and monitored throughout the year. This comprised 245 fixed line community phones installed under previous programs and 295 fixed satellite community phones installed under the Indigenous Communications Program.
- > Ninety new fixed satellite community phones and one new mobile satellite handset were installed during 2012–13. The fixed phones were installed into often difficult to access communities, none of which previously had access to basic telephony.
- > Over 337 000 calls have been made using the 295 fixed satellite community phones.
- > The 540 fixed phones were fault free on average 97.9 per cent of the time.
- > Community Liaison Officers were contracted to identify, consult and nominate eligible remote Indigenous communities in need of a community phone.

Figure 2.1 Map of fixed community phone installations in remote Indigenous communities at 30 June 2013



A trial was also conducted in six communities where the fixed satellite community phone was enabled with Wi-Fi for a period of six months. This allowed community members to make phone calls, access the internet, email and use Skype services. The next phase of the program is to roll out Wi-Fi infrastructure to the remaining communities with satellite community phones to help them take part in the digital economy.

A typical site for the Community Phones element of the program is the remote community of Chuula in Queensland, which can become isolated during the wet season. With the installation of the fixed satellite community phone, vital services can now be maintained. For example, the local airport is required to provide weekly updates on the condition of the airstrip to external parties that are scheduled to make deliveries to the community. The installation of the phone means it can now provide detailed updates quickly and easily, allowing the community to continue to receive essential supplies and mail without months of interruption.

In 2012–13, the program incurred \$5.8 million in administered expenses.

Satellite Phone Subsidy Scheme

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Improving services to regional, rural and remote Australia through the Satellite Subsidy Scheme, which provides support for Australians living or conducting business in areas outside the reach of terrestrial mobile phone networks
- > Extent to which people, particularly those living in non-coverage areas, are aware of the scheme and take it up
- > 3250 satellite phone scheme subsidies provided

Satellite telephony remains the only commercially viable option for mobile phone services in the 75 per cent of Australia's landmass that lies beyond terrestrial mobile phone coverage.

The Satellite Phone Subsidy Scheme provides a subsidy against the purchase price of a satellite handset for people living, working and travelling in areas without terrestrial mobile phone coverage. Over 24 000 subsidies have been granted under the scheme since 2002.

The scheme approved 5022 applications, with 4363 subsidies taken up during 2012–13. This compares with 5873 approvals and 4923 subsidies paid in 2011–12.

The availability of pre-paid handsets and more flexible call plans has continued to keep the satellite market competitive and satellite telephony more affordable for consumers. In 2012–13, the average value of the subsidy was \$515.

The participating network of over 500 registered dealers has continued to promote the scheme through various activities including camping shows and exhibitions. This has increased awareness of satellite phones and bolstered demand for the scheme.

In 2012–13, the scheme incurred administered expenses of \$2.3 million.

Supporting innovative delivery of online services

National ICT Australia Limited

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy by supporting the ICT Centre of Excellence Program
- > National ICT Australia Limited's contribution to:
 - commercialisation of ICT and online innovation
 - development of ICT and online research and commercialisation skills
- > \$2.3 million in commercial revenue generated by the ICT Centre of Excellence
- > 270 PhD candidates sponsored by the ICT Centre of Excellence
- > 90 Australian jobs in ICT Centre of Excellence spin-out companies

National ICT Australia Limited (NICTA) has been operational for ten years and has now become the largest and most successful dedicated ICT research organisation in Australia. In 2012–13, it received total funding of \$47.5 million under the ICT Centre of Excellence Program—\$23.8 million from the Department and \$23.8 million from the Australian Research Council.

NICTA has brought scale and depth to ICT research, training and commercialisation. It has five research laboratories (two in Sydney and one each in Melbourne, Canberra and Brisbane) and involves the cooperation of four state and territory governments and seven universities.

Last year, NICTA created new jobs, spinning-off four new companies and working with major companies to improve their productivity and competitiveness. At 31 December 2012, NICTA⁴ had 462 research staff, 121 professional staff and 260 PhD students working across 30 research projects. It had created 93 Australian jobs in NICTA spin-off companies and generated commercial revenue of \$7.1 million.

Today, NICTA is working on projects that address major challenges faced by Government, industry and society such as national transport infrastructure, broadband adoption, health, national security, disaster and emergency management, environmental priorities and sustainable agriculture.

Innovations conceived through NICTA are part of our everyday lives. One NICTA invention, the OKL4 microkernel, delivered through its start-up Open Kernel Labs, runs over 1.5 billion of today's mobile phones. Meanwhile, a unique medical implant technology focused on spinal cord stimulation for the relief of chronic pain is set to revolutionise pain management.

⁴ NICTA reports on a calendar-year basis, which means we can only report results for the 2012 calendar year (as at 31 December 2012), against the portfolio KPIs and deliverables (which are financial year bases).

Digital Regions Initiative

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the development of the digital economy through the Digital Regions Initiative, which supports cross-regional and national deployment of successful delivery models in health, education and emergency services in regional, rural and remote communities, including NBN-enabled in-home health trials
- > Extent of health, education and emergency services benefits to regional Australia from innovative use of broadband applications

The \$60 million Digital Regions Initiative has taken a collaborative approach to improving the delivery of health, education and emergency services in regional, rural and remote Australian communities. Through a National Partnership Agreement, innovative digital-enablement projects were co-funded by state, territory and local governments. The program closed on 30 June 2013. Fourteen projects have generated positive outcomes across all states and territories in the following areas:

- > Projects in the emergency services sector include the Ambulance Mobile Connect project, which has delivered mobile computing terminals to ambulances across South Australia. These terminals are securely linked to emergency response and medical information systems, which improves ambulance response time and paramedic effectiveness. This project has seen more than 2500 staff trained to use the new mobile data terminals, which have been installed in over 360 ambulances.
- > Projects in the health sector include implementation of telehealth networks across a number of states and territories. For example, the Health eTowns project has implemented services including burns teleclinics and trauma and critical care support. Through this project, telehealth services have been made available in 41 remote communities and five regional hospitals in the Northern Territory, as well as six sites in the Kimberley, Western Australia. Benefits from these projects include improved access to specialist health services for regional/remote communities and reduced need for long distance travel for essential services.
- > In the education sector, the Connected—Any Students, Any School Project has linked schools from across Tasmania’s three major school systems via a collaborative data centre. This has allowed over 2000 teachers and over 10 000 students across 62 schools to gain access to the virtual learning environment. This virtual learning environment improves education outcomes for students by improved access to enhanced learning resources and better sharing of knowledge between students, teachers and parents.

NBN-enabled health trials

The Digital Regions Initiative is delivering two NBN-enabled telehealth trials. These are the NSW NBN Telehealth to the Home Trial and the Townsville NBN-enabled Diabetes Telehealth Trial.

The NSW Trial is using the NBN to deliver in-home telehealth services to older Australians with chronic diseases in Armidale and Kiama. It is targeting people with one or more of five chronic conditions who are at high or very high risk of hospitalisation. Services include remote monitoring of key health indicators and teleconsultations with health professionals.

The Trial also includes a mental health element that allows young Australians (aged 12 to 25) in Kiama with, or at risk of, mental illnesses or drug-related problems, to have improved home access to NBN-enabled headspace mental care services delivered from Wollongong. Services are provided to clients in their homes, or at public access points, and include an initial assessment via a web-based portal and development of an early treatment plan, client triage, home-based videoconferencing as well as case conferencing.

Along with improving the quality of life of Australians with chronic disease and young people with mental health problems, the NSW Trial aims to help health professionals provide efficient, high-quality care for individuals. Patients no longer have to regularly travel long distances to access health care—they can remain in the community and have access to the same level of care as those in major centres experience.

In Townsville, the Trial is delivering health services to the homes of people living with type 2 diabetes. It is a randomised control trial designed to provide high-quality clinical data on how telehealth services delivered via the NBN can help people living with diabetes to better manage their condition. Services include:

- > Remote monitoring of key health and wellbeing indicators, such as blood glucose levels.
- > Teleconsultations and motivational health coaching with a wide range of health-care professionals, including nurses, GPs and Allied Health Professionals.
- > Access from home to tailor-made education resources.

Through increased support for both patients and their carers, the trial is improving the quality of life of Australians living with diabetes, and assisting health professionals to provide more efficient, high-quality care to individuals in their homes.

eduONE

The Digital Regions Initiative is also delivering an NBN-enabled tele-education trial: eduONE (Education Our New England), which is being implemented by TAFE NSW New England Institute, in partnership with the University of New England. eduONE is trialling new models of education services and resources using ubiquitous, reliable high-speed broadband enabled by the NBN.

Through the trial, students have access to stimulating and high-quality interactive educational content and can take part in interactive learning wherever they are located. The learning space incorporates high-definition videoconferencing, 3D representations in trade skilling packages and 3D immersive virtual learning. The trial addresses the challenges of teacher and trade skill shortages and the difficulties of access to courses by students in regional communities. The trial also includes media rich interactive literacy and numeracy open education programs for adult job seekers to help improve their job readiness, career pathways and entry into employment.

Consumer representation and protection

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Extent to which regulatory environment facilitates competition and market structures, including encouraging new entrants and business models that promote consumer empowerment and choice
- > Extent to which regulatory and industry self-regulatory arrangements ensure the interests of telecommunications consumers are protected

The telecommunications market is notable for its complexity and the rapid pace of product and service development. Work undertaken by the Department in recent years to restructure communications markets for the NBN is ensuring these markets facilitate competition; the NBN, as the network provider, is separate from retail service providers. To make sure NBN Co does not exploit its position it is required to operate on an open-access, non-discriminatory and wholesale-only basis, which is overseen by the ACCC.

In addition to these substantial market reforms, we have been working to make sure existing telecommunications markets operate in a way that promotes consumer empowerment and choice: that protects the interests of telecommunications consumers.

Telecommunications Consumer Protections Code

On 1 September 2012, the ACMA registered the Telecommunications Consumer Protections (TCP) Code following almost two years of work to draft the new provisions. The new code reflected significant improvement to customer service including improvements to re-sales information, stronger advertising provisions, the need for expenditure and usage management tools and improvements to internal complaint-handling provisions.

The Department played a key role managing the review and was an observer on the TCP Code Review Steering Committee. Following the registration of the code, we worked with industry, consumer groups and regulators to ensure the code's smooth implementation.

International mobile roaming

Between April 2011 and February 2013, the Department and the New Zealand Ministry of Business, Innovation and Employment carried out a joint market investigation into the price of mobile roaming services across the Tasman for businesses and consumers. On 23 August 2012, the Minister and the New Zealand Communications and Information Technology Minister, the Hon Amy Adams, MP, released a draft report on the investigation.

At the same time, the Minister directed the ACMA to create an industry standard that would see providers of mobile roaming services obliged to give consumers clear information about the pricing of international roaming services when they arrived at their international destination, as well as the ability to opt-out of buying these services. The new standard will be phased in from 27 September 2013.

On 9 February 2013, the Prime Minister and the Prime Minister of New Zealand, the Rt Hon John Key announced that Australia and New Zealand would work together to address the high prices of trans-Tasman mobile roaming. This accompanied the release of the final report of the Department and the New Zealand Ministry of Business, Innovation and Employment. The final report recommended each Government empower its competition regulator to investigate trans-Tasman mobile roaming markets and take regulatory action if required. The Governments of both countries are preparing legislation to give effect to this recommendation.

National Relay Service

The National Relay Service (NRS) gives people who are deaf, hearing-impaired and/or speech-impaired a means to make telephone calls using dedicated relay officers. This service has been in operation since 1995.

In July 2012, the Department concluded the Review of Access to Telecommunications Services by People with a Disability, Older Australians and People Experiencing Illness. The review examined the way people with a disability could better access telecommunications, and in particular, how the NRS could be improved through new technologies and services.

The Department's key recommendation from the review was the Government test the market's capacity to provide improvements to the NRS as part of the next contract for NRS services, subject to efficiencies being realised so costs are broadly maintained at existing levels.

Other recommendations focused on improving the information available to help people with disability make use of general telecommunications consumer products and services with accessibility features.

As a result of the review, the Government accepted all of the Department's recommendations and the Minister directed the Telecommunications Universal Service Management Agency (TUSMA) to manage a tender process for a new NRS that included specifications for a range of new technologies that were identified in the review as cost efficient.

TUSMA released a Request for Tender for the NRS on 15 August 2012 that included a range of new internet-based services.

Following this competitive tender process, TUSMA signed new contracts with Australian Communication Exchange and WestWood Spice in February 2013 to deliver the new and improved NRS services from 1 July 2013.

We worked closely with TUSMA throughout the tender process and subsequently helped it make sure the new services were established in line with the review recommendations. New services successfully started on 1 July.

Implementing the Telecommunications Industry Ombudsman Review

The Telecommunications Industry Ombudsman (TIO) provides free and independent dispute resolution for small business and residential consumers for complaints about their telephone, mobile or internet services after they have first complained to their service provider.

In 2012–13, the Department continued to work with the TIO and the ACMA to implement the recommendations from its 2011–12 review of the Ombudsman Scheme.

A number of recommendations from the review required legislative change. We introduced amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* as part of Telecommunications Legislation Amendment (Consumer Protection) Bill 2013.

These recommendations were aimed at providing greater clarity around the role of the TIO and expected standards of its operations, by requiring the scheme to comply with established Benchmarks of Industry-based Customer Dispute Resolution Schemes, and requiring a mandatory, independent and public review of the TIO Scheme three years after the introduction of reforms, and then every five years.

Telecommunications Legislation Amendment (Consumer Protection Bill) 2013

The Telecommunications Legislation Amendment (Consumer Protection) Bill 2013 was introduced in Parliament on 21 March 2013. It strengthens community safeguards and improves the telecommunications co-regulatory framework.

The Bill contains three measures that will:

- > Improve the industry code process by:
 - introducing a new industry code variation process
 - improving the transparency of the code development process
 - allowing code developers to be reimbursed for costs to vary consumer-related industry codes.
- > Strengthen the effectiveness and accountability of the TIO Scheme.
- > Enhance the operational efficiency of the *Do Not Call Register Act 2006*.

Following its introduction, the Bill was referred to the Joint Select Standing Committee on Broadcasting Legislation and the Senate Standing Committee on Environment and Communications for further scrutiny. We prepared a submission to the Committee, which reported on 17 June 2013. As at 30 June 2013, the Bill was still to be debated in Parliament.

Consumer Protection Service Provider Determination Provisions

In 2012, the Department prepared amendments to the Telecommunications Regulations 2001. The amendments give the ACMA new rule-making powers and the ability to make service provider determinations on consumer issues, for example on marketing and advertising. These regulations were approved on 17 September 2012.

The new rules are an additional tool that may be used when existing co-regulatory measures, for example the TCP Code, are not delivering satisfactory consumer outcomes.

Support for effective consumer advocacy and research

ACCAN grant administration

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting and protecting the interests of consumers by providing policy advice through funding for the Australian Communications Consumer Action Network through the Consumer Representation Grants Program

 - > The Australian Communications Consumer Action Network represents telecommunications consumers and undertakes research to achieve better outcomes:
 - Telecommunications consumer interest groups support and actively participate in the Australian Communications Consumer Action Network activities
 - Policy positions held by the Australian Communications Consumer Action Network are influential and represent the informed interest of telecommunication consumers in submissions based on robust evidence.
-

The Department facilitates consumer representation and advocacy by managing a Deed of Agreement between the Commonwealth and the peak telecommunications consumer representation body, the Australian Communications Consumer Action Network (ACCAN). ACCAN receives a grant under s593 of the *Telecommunications Consumer Protection and Services Standard Act 1999* for telecommunications consumer representation, advocacy and research.

To make sure that ACCAN complies with its obligations under the Deed, the Department meets with ACCAN regularly to discuss its progress against its deliverables and key performance indicators, provides a written assessment of its progress reports, liaises with the ACCAN Board and reviews governance and operational documents as needed.

In accordance with its Deed of Agreement, in 2012–13 ACCAN made considerable contributions to telecommunications issues impacting consumers by way of submissions. These included in-app purchases, silent lines, big data, NBN Co Special Access Undertaking and mobile coverage in rural communities. These contributions reflect engagement with a broad range of telecommunications policy considerations and highlight engagement and participation between ACCAN and its members.

ACCAN's submissions were supported by robust evidence. For example, its submission on the NBN Special Access Undertaking included an analysis on price and quality issues and their flow through impact on downstream services.

ACCAN also administers an Independent Grants Program that funds projects with a focus on research, representation and education activities that improve consumer outcomes in the telecommunications sector.

In 2012–13, ACCAN was granted \$2.1 million with \$265 000 allocated to its grants program. This funding is fully recovered through carrier licence charges on an annual basis.

During 2012–13, we entered into a new five-year Deed of Agreement with ACCAN that secures its funding until 2017. This follows on from the Department's mid-term review of ACCAN's operations, which found that ACCAN was considered by stakeholders to be a well-regarded and effective consumer advocate. The new Deed incorporates all the mid-term review recommendations, including increasing ACCAN's representation of small business telecommunications consumers, increasing its focus on providing information for mainstream consumers, enhancing its industry engagement processes and implementing the new key performance indicators.

Cybersafety

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting and protecting the interests of consumers by providing policy advice through developing and maintaining cybersafety initiatives to inform and educate the Australian community, particularly young Australians, about internet safety

- > Extent to which the Cybersafety Help Button and the Easy Guide to Socialising Online are available and accessed

- > Extent to which the Youth Advisory Group on Cybersafety, the Teachers and Parents Advisory Group and the Consultative Working Group on Cybersafety's advice informs the development of new or improved cybersafety initiatives

During 2012–13, the Department continued to engage with government agencies, industry, community groups, young people and their teachers and parents on how best to promote cybersafety and protect children from online risks. This engagement was pursued primarily through the Consultative Working Group on Cybersafety (CWG), the Youth Advisory Group on Cybersafety (YAG) and the Teachers and Parents Advisory Group on Cybersafety (TAP).

The CWG provides advice to the Government on education and awareness raising activities to protect Australian children from online risks including cyberbullying, exposure to illegal and inappropriate content and privacy breaches. It has a broad range of members from industry, community and government organisations. Representatives include private sector organisations such as Microsoft, Facebook, Telstra, Yahoo!7, Google and non-government organisations such as The Alannah and Madeline Foundation, Bravehearts and Child Wise, to name a few. The CWG met four times in 2012–13.

In 2012–13, the CWG provided advice on a number of key issues, including the use of social networking sites by children under the age of 13. It also developed the Cooperative Arrangement for Complaints Handling on Social Networking Sites (referred to as 'the Protocol'), which was announced by the Prime Minister on 16 January 2013.

The Protocol helps improve the information social networking sites make available to their users about how they handle complaints for material posted online. It also requires providers to educate users on mechanisms to deal with problems that arise on their sites.

The Easy Guide to Socialising Online was launched in January 2012 and developed in conjunction with the CWG following advice from YAG members. It provides clear information for parents, educators and young people on 28 social networking sites, search engines and online games. It also provides step-by-step instructions on how to adjust privacy settings on these sites as well as tips on how to stay safe when using social media sites. The Guide was updated several times in 2012–13 to reflect new trends in the use of social media, and is continuing to prove popular: it had received 341 660 hits at 30 June 2013. Three new sites were added to the Guide in 2012–13 based on their growing popularity with Australians.

The Cybersafety Help Button, launched in October 2010, is now accessible on a range of mobile and tablet devices, including Blackberry, Android, Apple iPhone, iPad and iPod. It is also available on internet browsers including Safari, Mozilla Firefox and Internet Explorer. The Help Button was developed in conjunction with the CWG and the YAG. At 30 June 2013, the Help Button had been made available on nearly 900 000 computers and mobile devices across Australia. This makes access to cybersafety help, advice and links to reporting cybersafety issues simple and easy for young Australians and their families.

In 2012–13, our cybersafety activities, including implementation and management of the YAG and TAP on cybersafety, incurred \$642 000 in administered expenses.

Youth Advisory Group

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Extent to which the Youth Advisory Group on Cybersafety, the Teachers and Parents Advisory Group and the Consultative Working Group on Cybersafety's advice informs the development of new or improved cybersafety initiatives

Consultations with the YAG in 2012–13 were carried out using the secure and fully moderated online consultation website.

YAG members discussed a range of cybersafety-related issues including cyberbullying, digital citizenship, online privacy, social networking, piracy, online gaming, online gambling, cybersecurity, online scams and age-appropriate discussions around sexting, online grooming and online child abuse. Discussion included identifying potential solutions to cybersafety issues. YAG members were also consulted on approaches to cybersafety education and the promotion of cybersafety resources including the Cybersafety Help Button, the Easy Guide to Socialising Online and the ACMA, the Australian Federal Police, the Australian Human Rights Commission and the Young and Well Cooperative Research Centre cybersafety initiatives. In January 2013, advice was provided to the Government following YAG discussions and activities.

The advice highlighted new and emerging cybersafety issues, particularly around the use of devices, social networking and online gaming. For example, young people expect social networking sites should take more responsibility for protecting the privacy of their users; online grooming appears to be taking place on a wide range of platforms; and online games are now seen as a social networking activity and may be used more commonly as an alternative to social networking sites, particularly by primary school students.

Consultation with YAG members is carried out during the school calendar year. In 2013, the consultation process was completed by 2 August with 2612 students from 289 schools across Australia having participated in the YAG Program. This represents a significant increase on participation numbers in 2012, when 1887 students from 191 schools across Australia took part in the program.

Teachers and Parents Advisory Group

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Extent to which the Youth Advisory Group on Cybersafety, the Teachers and Parents Advisory Group and the Consultative Working Group on Cybersafety's advice informs the development of new or improved cybersafety initiatives

Consultations with the TAP regarding cybersafety issues impacting children and the Government's cybersafety programs and policies were primarily undertaken via the secure online consultation website.

The 2012–13 consultations were undertaken with 229 registered teachers and parents throughout the year. Members were consulted on cybersafety issues impacting youth including social network site complaints handling and use of social media by under 13-year olds, cyberbullying, digital citizenship, access to inappropriate content, online gaming including game classifications, technology addiction, sexting and online grooming. TAP members also provided feedback on existing and proposed government cybersafety initiatives including the testing of cybersafety teaching materials.

Cybersafety Summit

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Number of schools, students, teachers and parents providing advice to Government during the online forums and at the Cybersafety Summits

On 25 October 2012, over 140 YAG members, parents and teachers joined members of the CWG, industry and community representatives at a Cybersafety Summit to share their experiences and insights into cybersafety. At this Summit, members shared experiences through face-to-face consultations and took part in the launch of the ACMA's Zippep's Astro Circus. Since the first Cybersafety Summit in June 2010, over 600 students, parents, teachers and representatives of the CWG have met to provide input on a range of government programs and initiatives aimed at keeping children safer online.

Online gambling

In May 2011, the Government, in consultation with the states and territories, announced the Department would undertake a review of the *Interactive Gambling Act 2001*. After extensive consultation with the community and key stakeholders, the final review report was released on 12 March 2013.

The Government announced that as a priority it would seek the commitment of the states and territories to develop and implement a national standard for harm minimisation and consumer protection that would cover all licensed online gambling providers. In March 2013, the Minister wrote to state and territory gambling ministers to seek their commitment to develop and implement a national standard, as well as their views on other recommendations in the final report.

The review also identified concerns in relation to casino-style gambling simulations being accessed through a variety of platforms including social media, and the potential risk this may pose to children. The Department will continue to consult with providers of these games and social networking services on these issues.

Cybersecurity

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting and protecting the interests of consumers by providing policy advice through cybersecurity initiatives to inform and educate Australian consumers and small businesses about how best to manage the risk of financial fraud and loss of personal information over the internet
- > Extent to which Australian households and small businesses are aware of and adopt appropriate actions to address cyber security and cybersafety risks
- > 60 per cent of Australian schools accessing the Cyber Security Education Package

Australians use the internet in all aspects of their lives, so it is important they are aware of the simple steps they should take to protect their personal and financial information online.

The Department maintains the Stay Smart Online website and social media channels. The website (www.staysmartonline.gov.au) provides information and tips along with quizzes, videos and fact sheets on cybersecurity issues. In 2012–13, the website received more than 330 000 visitors. The Stay Smart Online Facebook page and blog encourage conversation about cybersecurity issues throughout the community.

We hold an annual National Cyber Security Awareness Week to help Australians better understand the importance of cybersecurity. The Awareness Week was held from 20 to 24 May 2013. Nearly 1400 industry, community, consumer and government organisations partnered with the Department to promote better cybersecurity practices among home and small business users. These partners were then able to promote cybersecurity awareness material to their staff, customers and clients.

During the 2013 Awareness Week, videos with the Awareness Week ambassadors and athletes associated with the Australian Institute of Sport were made available on the Stay Smart Online website and YouTube channel to promote safe and secure online behaviour. At 30 June 2013, the Cyber Security Alert Service had 10 694 subscribers.

The take-up of the self-learning education package for primary and secondary school children, Budd:e (available through the Stay Smart Online website), continues to grow. During this financial year Budd:e had 114 772 new registrations, bringing the total number of registrations since its inception to 254 030. In addition, direct contact with approximately 5500 schools indicates that approximately 75 per cent of schools are using or intend to use the Budd:e package with their students.

The Telecommunications Amendment Regulation 2012 (No. 2) was signed on 6 December 2012 and authorises the ACMA to introduce proposed changes to the identity verification requirements for prepaid mobile services. Under the changes, consumers who buy prepaid SIMs for their mobile devices will be able to identify themselves online or over the phone instead of showing identification when buying the SIM. Mobile phone providers will be able to check the validity of commonly held government documents online, while protecting the privacy of consumers, by using the National Document Verification Service.

In 2012–13, the Cyber Security Awareness Program incurred \$1.5 million in administered expenses.

Spectrum policy

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Providing policy advice on Australia's radiofrequency spectrum assets in the interests of Australian consumers and the economy, while providing certainty to wireless broadband, broadcasting and communications service providers, including through progressing issues related to maximising benefits from the sale of the digital dividend and the 2.5 GHz band

Our policy advice to the Minister on radiofrequency spectrum matters focused on the following issues:

- > Maximising the benefit that use of spectrum will bring to the Australian community and economy.
- > Progressing the digital dividend restack, reallocation and auction.
- > Working with Australia's public safety agencies to support their mobile broadband capability needs.
- > Reissuing expiring 15-year spectrum licences to provide continued access for mobile phone and wireless broadband services and rail operations in Australia.

The digital dividend auction finished on 7 May 2013 and earned \$2.0 billion in revenue. We are continuing to work on issues related to the future return to market of unsold lots from the auction and the restack of broadcasting services out of the digital dividend spectrum.

We are working with public safety agencies on an approach to support their communications needs through a dedicated, interoperable mobile broadband capability. In April 2013, the Council of Australian Governments agreed its senior officials would take responsibility for this issue. By the end of 2013, the Council of Australian Governments is expecting a report on funding requirements, an appropriate allocation of spectrum and a jurisdiction-led governance framework for this capability.

Payments from mobile operators and other licence holders were made for their 15-year spectrum licences in June 2013 amounting to \$1.5 billion. The re-issued licences provide for continued consumer access to mobile services in the 800 megahertz (MHz) and parts of the 1800 MHz spectrum bands.

World Conference on International Communications

The Australian delegation to the World Conference on International Communications (WCIT-12)—staged by the International Telecommunications Union—was led by the Minister and included representatives from Government, the internet industry, private sector and technical groups.

The WCIT-12, held from 3 to 14 December 2012, considered revisions to the International Telecommunication Regulations. The Regulations, originally adopted in Melbourne in 1988, are a global treaty that sets out how telecommunications can interconnect internationally. A wide range of proposals to revise them were put forward at the WCIT-12.

The Australian position was that administration and governance of the internet should not be included in the revised Regulations. Australia did not support changes to the Regulations that would undermine the current multi-stakeholder model for internet governance or fundamentally change the way the internet operates. International consensus on this issue could not be reached, and Australia declined to sign the revised treaty.

Postal services

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Protecting the Australian Government's interest as a shareholder of Australia Post and providing policy advice on the postal sector

Australia Post reports independently of the Department. Our Minister is a joint Shareholder Minister responsible for the regulation of Australia Post along with the Minister for Finance and Deregulation. We provide advice to the Minister on Australia Post's activities, operations and future directions.

The Department led Australia's delegation to the 25th Congress of the Universal Postal Union from 24 September to 15 October 2012. We worked with Australia Post to secure the election of Australia to the leadership councils of the Universal Postal Union for the next four years, receiving the highest vote Australia has ever achieved in these elections. The Australian Government's participation on these leadership councils helps us make sure Australia's interests are protected at a time when the postal system is changing rapidly and parcel services are becoming increasingly important infrastructure for e-commerce. We are continuing with work to improve the fairness of the terminal dues system that governs the fees paid for international mail—arrangements that currently disadvantage Australia.

We provided advice to the Government on a range of postal policy matters during the year, including engagement in the Australian Government's consideration of the Low Value Parcel Processing Taskforce final report (July 2012). A key issue for us is to help identify ways to make border clearance processes more efficient.

PROGRAM 1.3: BROADCASTING AND DIGITAL TELEVISION

The objective of the Broadcasting and Digital Television Program is to ensure the switchover to digital-only television by the end of 2013, and support access to high-quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.

Switchover to digital television

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > The effectiveness of the switchover to digital television as measured through the Digital Tracker that monitors the following indicators for each switchover region on a quarterly basis:
 - awareness of switchover to digital television
 - understanding of what needs to be done to prepare for switchover
 - attitudes towards digital switchover
 - proportion of Australians who have switched over
 - satisfaction with digital television

- > Coordinate and oversee switchover across Australia focusing on northern New South Wales in November 2012, and in Tasmania, mainland capital cities and remote areas of Australia throughout 2013

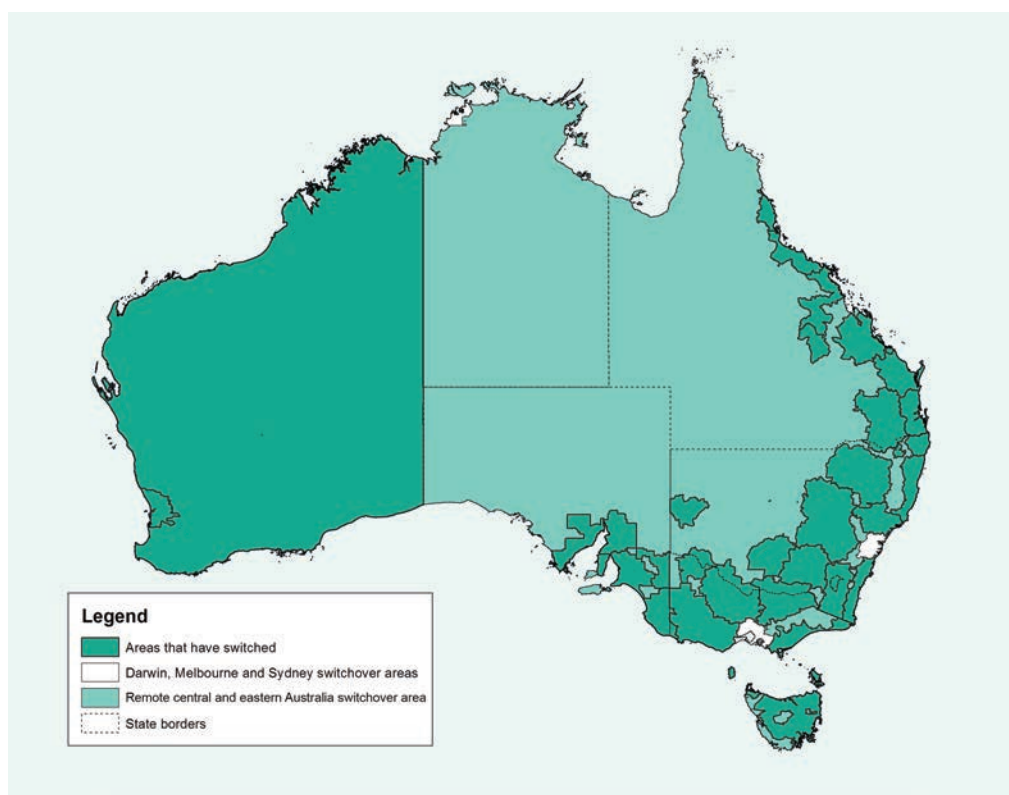
The switchover to digital television is happening across the world and is a significant change to the television industry. It will benefit viewers, the communications industry and the economy more broadly. Viewers benefit from a transformed television experience with access to more television channels, improved pictures, including widescreen and high definition, better sound quality, and improved captioning and other access arrangements. Switching off the analog transmission network will also release the 'digital dividend' spectrum, which has been made available for next-generation mobile broadband services.

The Digital Switchover Taskforce is implementing a region-by-region approach to switchover, which will be completed by the end of 2013. We are undertaking a range of activities to support the switchover, including:

- > Delivering two significant in-home assistance programs—the Household Assistance Scheme (HAS) and the Satellite Subsidy Scheme (SSS).
- > Working with the broadcasting industry, antenna installers and others to coordinate the final rollout of digital services and address reception issues.
- > Managing a significant program of communications activities through both mainstream media and community outreach.

During 2012–13, switchover was completed in regional northern New South Wales on 27 November 2012, metropolitan Adelaide on 2 April 2013, Tasmania on 9 April 2013, metropolitan Perth on 16 April 2013, metropolitan Brisbane on 28 May 2013 and regional and remote Western Australia on 25 June 2013. These areas cover 3.5 million households, which is 39 per cent of total households in Australia.

Figure 2.2 Map and status of digital switchover regions at 30 June 2013



The effectiveness of the switchover to digital television is measured through the Digital Tracker and associated post-switchover surveys. The indicators monitored for each switchover region are listed under the KPIs on page 44. Every quarter, around 8400 households with a working television set used in the last six months take part in the survey, which is conducted via phone.

In 2012–13, awareness of the switchover remained high across Australia at 95 per cent, as did understanding of what to do to convert to digital television (94 per cent). The measure of negative attitude towards switchover has steadily declined to five per cent. Approximately 98 per cent of households have already made the switch to digital television (compared to 47 per cent in 2009), which reflects the fact 11 out of 15 regions have finished the switchover, and there is stronger viewer demand for the benefits of digital television in the remaining four regions. Eighty-three per cent of Australian households that have converted to digital television are satisfied. This result has remained steady throughout the switchover program.

The survey conducted immediately following the switchover in regional northern New South Wales on 27 November 2012, reported a conversion rate of 95 per cent while Adelaide, Tasmania and Perth all reported post-switchover conversion rates of 98 per cent. Brisbane reported a 99 per cent conversion rate and regional and remote Western Australia reported a 97 per cent post switchover conversion rate.

In 2012–13, the Digital Switchover Program incurred administered expenses of \$127.4 million.

Raising public awareness and understanding of digital switchover

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Conduct information and communications activities to raise public awareness and understanding of the switchover to encourage action required to get ready in remaining switchover areas

During 2012–13, a targeted advertising campaign was carried out region-by-region to raise awareness and understanding of the digital switchover. It was delivered in bursts, timed to occur six months out from switchover, three months out, and then a final burst one month out from switchover. It ran up until the day before the switch. Advertising included a mix of mainstream, Indigenous and multicultural advertising across television, press outlets, radio (mainly Indigenous and multicultural) and search engine marketing.

A comprehensive media, stakeholder and public relations program was also carried out to support the advertising. Related promotional activities were timed to coincide with key program milestones at six months, three months and one month prior to switchover, as well as on switchover day in each local market.

A key initiative during 2012–13 was the redevelopment of the Digital Ready website, which simplified and improved access to information about the switch to digital-only television. The website upgrade included the development and launch of a comprehensive media centre portal to provide media and stakeholders immediate access to view and download rich media content such as pre-recorded audio grabs, localised footage and imagery.

We supported 20 Digital Switchover Liaison Officers (DSLOs) across four regions: northern New South Wales, Tasmania, regional and remote Western Australia and Darwin/Northern Territory. The DSLO program funds NFP organisations or government entities to employ an officer to develop and implement community engagement strategies to promote and advise on digital switchover to local communities.

DSLOs worked across switchover regions with local councils and community organisations, distributed materials, met with key stakeholders and hosted or took part in local events. They also gave presentations to local groups on how to switch to digital television.

Taskforce staff undertook community outreach activities, particularly in areas where the SSS is being rolled out, or where a switchover took place earlier than the region's specified date.

Non-English speaking and Indigenous campaign activities and engagement were also carried out across each of the six regions that switched this financial year. This made sure these audiences were aware of and ready for switchover.

The communication campaign is being evaluated through market research to help inform the development and implementation of the campaign. It makes sure the campaign is effective in conveying messages to target audiences in the most cost effective way. Post switchover evaluation research is also undertaken to explore campaign performance and audience satisfaction with the switchover process. It identifies key learnings and possible areas for continuous improvement for future switchover areas.

A comprehensive national evaluation will be carried out at the end of the campaign. The Digital Tracker and the communication campaign evaluation research findings are designed to feed into and inform each other. Research findings to date show the campaign is performing well and achieving high levels of awareness of digital switchover and conversion to digital television.

Household Assistance Scheme

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > 220 000 households assisted through the Household Assistance Scheme
- > Through the Digital Switchover Household Assistance Scheme, provide practical end-to-end technical and installation services for maximum benefit to aged and disability support pensioners, carers payees and equivalent war service pensioners and income support supplement payees

The HAS provides technical and practical help to eligible elderly people, carers, people with disabilities and veterans to convert to digital television, where they have not converted and need help to do so. People are eligible if they are in receipt of a full-rate pension from the Department of Human Services. For these people, the scheme provides some, or all, of the following package free of charge depending on individual needs:

- > a high-definition set-top box
- > installation of the set-top box by a contracted qualified technician
- > demonstration of equipment and instructions on how to use it
- > 12 months service and technical support
- > equipment to receive free-to-air television via satellite (where necessary)
- > upgrades to cabling and external antenna systems (where appropriate).

The scheme is carried out in partnership with the Department of Human Services and uses major companies contracted by the Government to carry out installations after open tender processes. Those contracted during 2012–13 were:

- > Hills Holdings Limited (trading as Techlife Solutions) and Skybridge (Australia) Pty Ltd for regional southern New South Wales.
- > Hills Holdings Limited (trading as Techlife Solutions) and Skybridge (Australia) Pty Ltd for regional northern New South Wales.
- > Hills Industries Ltd (in association with Techlife) for Tasmania.
- > Skybridge (Australia) Pty Ltd for regional and remote Western Australia, Darwin and remote central and eastern Australia (RCEA).
- > BSA Ltd for Adelaide, Brisbane and Perth.

Those people who were potentially eligible for the scheme received a letter from the Department of Human Services to 'opt-in'. Opt-ins generally start nine months before switchover and continue until one month afterwards. At 30 June 2013, approximately 166 500 customers had received help under the scheme in regional and remote southern and northern New South Wales, regional and remote Western Australia, Tasmania, Darwin, RCEA, Adelaide, Brisbane, Perth, Sydney and Melbourne. This figure is below the PBS target of 220 000, as a higher than expected number of customers had self-converted and did not need help through the scheme. Targets in future rollout regions have been adjusted accordingly. In 2012–13, there was a very low complaint level under the scheme of 1.7 per cent.

Working with suppliers and retailers of digital equipment

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Work with the retail industry as a conduit for information about digital switchover, and the installer industry to support the availability of trained installers

The Retail Advisor Scheme was designed to bolster consumer confidence when they buy digital television products in shops. By taking part in the scheme businesses are:

- > Listed on the mySwitch website so consumers can access their details.
- > Given up-to-date information on the digital switchover, including transmission updates and emerging issues, particularly in the lead up to switchover in each region.

This scheme ceased on 17 June 2013; 163 retailers were taking part in it.

The Antenna Installer Endorsement Scheme (AIES) was created as part of the Government's quality assurance measures to make sure consumers can access local installers with the right experience and knowledge. Endorsed installers have their business contact details published on the mySwitch website.

At 30 June 2013, there were more than 1790 endorsed installers working across Australia. They carry photo identification by way of 'endorsement badges' and have the necessary insurance to carry out installations, as well as meters for working out television signal strength. Endorsed installers are actively working in the installation business.

The service contractors engaged by the Department to roll out the HAS and the SSS must use installers who are endorsed at the right level under the AIES or who have completed the equivalent training through a Registered Training Organisation. They must have six months practical experience.

Digital satellite service—Viewer Access Satellite Television

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Support the provision of the Viewer Access Satellite Television service to provide 16 digital free-to-air television channels to people in blackspots, and assistance programs to enable regional commercial broadcasters to provide all their digital channels in their service areas

The Viewer Access Satellite Television (VAST) service became available for viewers in central and eastern Australia in December 2010 and in Western Australia in July 2011.

The Government has funded the VAST service to make sure anyone in Australia who cannot receive digital terrestrial television services will have access to a reliable free-to-air service. Households that are not eligible for SSS or HAS are required to pay for their own reception equipment.

By the end of June 2013, more than 139 000 households across Australia were accessing the VAST service, with more than 160 000 set-top boxes installed. The service carries the full suite of commercial and national free-to-air television channels in all regions of Australia. This includes channels delivering Seven, Nine and Ten network programs, and digital multi-channels including ONE, Eleven, GO!, GEM, 7mate and 7TWO. ABC and SBS services, including ABC1, ABC2, ABC3, ABC News 24, SBS ONE, SBS TWO, SBS HD and NITV are also available. Local regional commercial news bulletins are available via dedicated news channels or, in Western Australia, as part of the main service.

A new Indigenous Community Television channel was launched in December 2012, allowing remote communities across Australia to view locally produced content. Together with NITV, this means Indigenous communities have access to two Indigenous television services.

Satellite Subsidy Scheme

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Provide assistance for installation of satellite reception equipment for households served by 'self-help' analog terrestrial retransmission sites that are not upgraded to digital
- > 38 000 households assisted through the Satellite Subsidy Scheme

The SSS provides help to households where a local self-help community-run television tower that transmits analog broadcasts is being switched off and not upgraded to digital. More than 600 towns (520 towers) are potentially affected across Australia, mainly in regional and remote areas. The scheme recognises these households have previously invested in local infrastructure through their rate payments.

The scheme subsidises the cost of equipment installation by a government-contracted installer, to allow the household to receive the VAST service. Each eligible household may receive a satellite dish, cabling and a high-definition VAST set-top box. Many of these communities have only ever received four analog television channels. As a result, the 17-channel VAST service offers a substantial improvement in the range of content available, including dedicated regional local news bulletins.

At 30 June 2013, the scheme had been delivered to more than 15 700 households in regional and remote southern and northern New South Wales, regional and remote Western Australia, Tasmania, remote South Australia, remote Queensland, remote Northern Territory, and metropolitan Perth, Adelaide and Brisbane. This figure is below the PBS target as more households self-converted than expected, some self-help licensees elected to upgrade to digital, and more households could receive digital broadcasts from terrestrial transmitters than expected.

In recognition of the unique circumstances within eligible remote Indigenous communities, households in these areas were helped by Local Community Contacts (LCCs) to switch to digital television under the SSS. The Department contracted organisations such as Local Councils and non-government organisations that then deployed the LCCs. The LCCs helped each household apply for the SSS, arranged installations with contractors and community members, were present on the day of installation and acted as the communities' first point of contact for switchover. LCCs helped make sure satellite installations were planned, undertaken and completed in a culturally appropriate manner. Households in remote communities were also supported by a range of culturally appropriate communication materials including posters, easy-step guides and an after-care guide, published in English and the local language where appropriate.

In 2012–13, 92 eligible remote Indigenous communities in Queensland, South Australia, New South Wales, regional and remote Western Australia and the Northern Territory successfully switched to digital television, with 88 of these communities helped by LCCs.

In the Northern Territory and Torres Strait Islands, all 211 eligible remote Indigenous communities were being helped by LCCs to make the switch to digital television through the SSS.

Terrestrial Equalisation Plan [Additional Services Assistance Program]

Historically, many viewers in regional South Australia, regional and remote Western Australia, and remote central and eastern Australia received fewer terrestrial free-to-air channels than their counterparts in capital cities and major regional locations. In November 2010, the Government announced the Additional Services Assistance Program to help commercial television broadcasters upgrade existing transmission sites throughout these regions.

In 2012–13, \$4.3 million was provided to commercial broadcasters under the program. In combination with the VAST service, this measure makes sure all Australians, no matter where they live, will have access to the full range of free-to-air digital television services. Funding has supported the upgrade of more than 95 transmission towers to date, across regional South Australia, regional and remote Western Australia and remote central and eastern Australia. The five remaining sites, which are in remote central and eastern Australia, are due to be upgraded by December 2013.

Regional Equalisation Plan

The Regional Equalisation Plan gives regional and remote commercial broadcasters a 50 per cent subsidy over eight years to convert their terrestrial transmission facilities to digital. Funding is provided by licence area as capped annual rebates against broadcasters' licence fees. This is supplemented by a grants component, where necessary, to achieve the full rebate. Licence fee rebates are administered by the ACMA.

In 2012–13, the Department provided subsidies to commercial broadcasters in regional and remote Western Australia totalling \$1.0 million in the form of supplementary grants. Upgrades to all 49 sites were completed in February 2013.

Electronic News Gathering

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Overseeing assistance to commercial broadcasters with the purchase and deployment of electronic news gathering equipment to free up 2.5 GHz spectrum for new services

In April 2013, the ACMA auctioned spectrum in the 2.5 Gigahertz (GHz) band for new telecommunications services. In Australia, the 2.5 GHz band refers to the spectrum between 2500 MHz and 2690 MHz, and is licensed almost exclusively for electronic news gathering (ENG) services. ENG activity typically involves the rapid, unplanned deployment of radiofrequency video links to allow television coverage of live sports, news events and natural disasters. ENG activity is characterised as being used only for short periods of time.

In order to make the 2.5 GHz spectrum available, the ACMA published alternate licensing arrangements and frequency allocations for ENG. New arrangements require existing ENG operations to be migrated to different spectrum. Accordingly, in the 2012–13 Budget, the Government announced a grants program to help those commercial broadcasters who currently hold apparatus licences and undertake ENG operations in the 2.5 GHz spectrum, to move their ENG operations from this spectrum.

Grant guidelines for the ENG program were prepared in conjunction with the Department of the Prime Minister and Cabinet and the Department of Finance and Deregulation, and published in early May 2013. Funding agreements were subsequently agreed with the Seven Network (Operations) Limited, Nine Network Australia Pty Ltd and Network Ten Pty Ltd in late May 2013, with initial funding payments made accordingly.

Strong and independent national broadcasters

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting the Minister on ABC and SBS policy and funding matters, the rollout of digital services and in relation to ABC and SBS board appointments

In the 2012–13 Budget, the ABC received additional funding for a range of measures to be implemented over several financial years. This included funding for ABC radio services to be provided on VAST, and funding to restack its digital television services and to buy and deploy new ENG equipment to allow clearance of the 2.5 GHz digital dividend.

In addition, the ABC received \$1.5 million to allow it to carry out a 13-week technical audio description trial. The ABC also received \$15.7 million over three years to develop an education portal, ABC Splash, which was produced in partnership with Education Services Australia and launched in March 2013. The portal provides access to a library of ABC media material that is linked to the Australian Curriculum.

A further \$10.0 million was provided to the ABC to improve news services in regional Australia.

In the 2012–13 Budget, SBS received \$158.1 million over five years to address its immediate financial pressures and to establish a new national Indigenous free-to-air television channel. The Minister, along with the Minister for Families, Community Services and Indigenous Affairs, officially launched the NITV service at Uluru in the Northern Territory on 12 December 2012. A further \$10.0 million over five years was provided to SBS to cover the increased costs of local content.

During 2012–13, the Government also supported a program to roll out SBS and ABC services to locations where they were not available and to upgrade SBS and ABC services operated by local communities as ‘self-help’ services, so they could become part of the national broadcasters’ transmission networks. This will significantly improve availability of national broadcaster television services in these locations. The initiative will result in 39 (one ABC and 38 SBS) new services being established at 38 separate locations. In addition, 67 community-run self-help analog television services will be upgraded to network-run digital television services (10 ABC and 57 SBS) at 57 sites. The ABC and SBS will also improve the operation of a further seven existing network-run digital services at seven sites (five ABC and two SBS). The cost of this measure is being fully offset from existing funding.

The Department continued to support the merit-based selection process for the appointment of non-executive directors to the boards of the ABC and SBS, which was introduced in 2008. This process was formalised in the *National Broadcasting Legislation Amendment Act 2012* (NBLA Act), which started in November 2012, and which amended the *Australian Broadcasting Corporation Act 1983* (ABC Act) and the *Special Broadcasting Service Act 1991* (SBS Act).

The NBLA Act creates a nomination panel to carry out the selection process for all non-executive directors except the ABC staff-elected director. On 26 March 2013, Dr Ian Watt, Secretary of the Department of the Prime Minister and Cabinet, appointed Mr Ric Smith, AO, PSM, as Chair of the panel, along with Mr David Gonski, AC, Ms Leneen Forde, AC, and Professor Allan Fels, AO, as members, in accordance with the requirements of the NBLA Act.

In 2012–13, one merit-based board member selection process was carried out in accordance with legislative requirements, although the process finished before the NBLA Act started. The process to select suitable candidates to fill one vacancy on the ABC Board and two on the SBS Board attracted more than 300 applications nationwide. On 14 November 2012, the Government announced the appointment of Mr Simon Mordant, AM, to the ABC Board, and Ms Dorothy West and Mr William Lenehan to the SBS Board, each for a term of five years.

The NBLA Act also reinstated the position of staff-elected director on the ABC Board. On 22 April 2013, following a ballot process overseen by the Australian Electoral Commission between 15 March and 19 April 2013, Mr Matthew Peacock was appointed as staff-elected Director on the ABC Board for a period of five years.

Broadcasting advice and programs

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Advising the Minister on broadcasting policy matters such as media ownership, anti-siphoning, Indigenous broadcasting and digital radio
- > The Department's contribution, through its policy and funding activities, to the broad objective that all Australians have access to a range of free-to-air and subscription television and radio services

Convergence review

The Department provided advice to the Government to help it draft its initial response to issues raised by the Convergence review. The review was handed to the Government on 30 March 2012, and the Government announced its initial response on 30 November 2012. The Department helped the Government develop legislation to implement a number of the measures announced on 30 November; this legislation was passed by the Parliament in March 2013.

- > The *Broadcasting Legislation Amendment (Convergence Review and Other Measures) Act 2013* (the Broadcasting Act) introduced new annual Australian content quota requirements for each commercial television broadcaster, in addition to current quotas. It also provided greater flexibility for broadcasters in meeting sub-quotas for particular program genres. The Broadcasting Act capped the number of commercial television broadcasting licences that may be allocated in each licence area at three.
- > The Broadcasting Act also amended the ABC Act to include digital media services in the ABC's Charter and provides that the ABC or its prescribed companies are the only providers of Commonwealth-funded international broadcasting services. The Broadcasting Act also updated the SBS Act to include digital media services in SBS's Charter, and stipulates that at least one of the non-executive directors on the SBS Board should be Indigenous. The appointment of Dorothy West to the SBS Board in November 2012 satisfied this amendment.
- > The *Television Licence Fees Amendment Act 2013* puts in place the Government's announced permanent 50 per cent reduction in licence fees paid by commercial television broadcasters.

The Department also assisted the Government by preparing Bills that responded to other issues raised by the Convergence Review and the Independent Media Inquiry. These included Bills to enhance self-regulation of the print and online news media and to ensure diversity considerations were taken into account for nationally significant media transactions. The Australian Parliament considered these measures in March 2013 and they did not proceed further.

Community Broadcasting

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Providing funding through the Community Broadcasting Program to assist community broadcasters, including with the delivery of community radio services

In 2012–13, the Government allocated \$14.9 million under the Community Broadcasting Program to maintain and develop community broadcasting. This sector includes 16 AM radio licensees, 434 FM radio licensees and 37 digital radio licensees as well as 71 community television licensees. Community broadcasting funding of \$12.2 million was provided to the Community Broadcasting Foundation (CBF) to allocate grants that support broadcasting for the benefit of the general community, ethnic radio, Indigenous Australians and the print handicapped. This included additional funding of \$250 000, which was allocated for the Australian Music Radio Airplay Project (AMRAP) to keep services operating until its consideration in the 2013–14 Budget. Ongoing funding for AMRAP was announced as part of the *Creative Australia*—National Cultural Policy on 13 March 2013.

The Department also provided \$2.2 million to the CBF to maintain and operate community digital radio transmission and content delivery. On 26 June 2013, the Minister announced an additional \$6.0 million in funding over three years from 2013–14 to support the community broadcasting sector's continued participation in digital radio in Sydney, Melbourne, Brisbane, Adelaide and Perth. Radio for the Print Handicapped received \$500 000 under a separate funding deed.

Other broadcasting policy activities

The Government provided the ABC with one-off funding to carry out a technical trial of audio description on its digital service ABC1. Audio description is an additional verbal commentary that complements the underlying soundtrack of a program. The Department worked with the ABC to commission the trial and design its parameters. The trial started on 5 August 2012, and finished on 4 November 2012. The trial tested the production, distribution and reception of audio described programs. The ABC broadcast 14 hours of audio described programming each week for 13 weeks between 5.00 pm and midnight.

We also provided advice to the Government on the development of amendments to the industry codes of practice for commercial radio, commercial television and subscription television to reduce and control the promotion of live odds during sports coverage. The draft amendments were prepared by peak industry bodies in consultation with the ACMA, and released for public comment in December 2012 and April 2013. On 26 May 2013, the Government called on the broadcasting industry to further strengthen their proposed code amendments to prohibit all promotion of betting odds during live sporting events and banning generic gambling advertising during play. Broadcasters submitted revised codes to the ACMA for consideration late in 2012–13.

Indigenous broadcasting

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Supporting Indigenous communities through the Indigenous Broadcasting Program, which funds Indigenous radio services, peak media bodies, development of programming and skills development

The Indigenous Broadcasting Program (IBP) supports Indigenous radio and media in metropolitan, regional and remote communities by providing help for operational expenses, content production, training and professional skills development, as well as some technical assistance. The IBP supports the Government's commitment to Closing the Gap for Indigenous Australians.

In 2012–13, the Government allocated \$15.4 million to the IBP. Funding has supported five urban and 23 regional radio stations, seven Remote Indigenous Media Organisations and 92 Remote Indigenous Broadcasting Services. The program also provided support to organisations such as Imparja Television, Indigenous Community Television and Indigenous media peak bodies, as well as activities such as broadcast training and content production. The IBP is managed with the help of the Office for the Arts (OFTA), through a Memorandum of Understanding that provides administration, advice and assistance via the OFTA national network.

It was a significant year for Indigenous broadcasting, with two Indigenous television services becoming available free-to-air during 2012–13. In addition to the NITV service, IBP funding made sure local content was provided to remote Indigenous communities through support for the Indigenous Community Television (ICTV) service, which is available through VAST. This allows the ICTV service to be available 24-hours a day in Indigenous communities; prior to this it was limited to a weekend service.

Restacking TV broadcasting services

PBS and PAES 2012–13—Key Performance Indicators and Deliverables

- > Overseeing the implementation of the relocation (restacking) of television broadcasting services to new channels to release the digital dividend of 700 MHz spectrum
- > Progress in achieving restack, including the number of services restacked.

The final step to realising the 700 MHz digital dividend is for a significant number of digital television services to be moved to new channels. This would allow Ultra-High Frequency (UHF) channels 52 to 69 to be cleared and made available for new services, such as mobile and wireless broadband. The Government expects channels to be cleared by the end of 2014. The digital dividend channel changes are taking place at approximately 440 transmission sites across Australia, after the switchover to digital television.

The Government committed \$143.2 million over five years in the 2012–13 Budget to:

- > Relocate commercial and national broadcasters' digital television services to their new channels by retuning, replacing or otherwise modifying transmission equipment to operate below UHF channel 52.
- > Provide a project and implementation manager to manage channel changes nationally.
- > Conduct a public education/information campaign about the need to retune receivers.

This was augmented with a further \$26.6 million in the 2013–14 Budget, reallocated from funding for other programs, following adjustments to the costs of the program.

In October 2012, the Department appointed Broadcast Australia as program implementation manager for the restack to produce a nationwide timetable in consultation with broadcasters and the ACMA. The planning for this activity is complex as it involves a major reorganisation of approximately 1467 digital television services or channel changes across Australia in a causal sequence. Transmission equipment will need to be retuned, replaced or otherwise modified at over 440 transmission sites, to allow channel changes and clearing of spectrum.

Following extensive planning, a full and detailed timetable was published on 8 March 2013. The timetable will continue to be updated as needed. The timetable includes a public retune date, which is the date the indicated commercial and national digital services will move to their final digital channels. On or after this date, people who receive television from the identified transmission site will need to retune their digital television, set-top box or digital recorder to continue viewing free-to-air services that have undergone a channel change. Service infrastructure and tools, such as MySwitch, developed and successfully used in digital television switchover, are being used to help people retune.

The Department carried out market research and tested concepts to make sure the planned public education and awareness activities would meet the needs of consumers. The communications strategy features an animated character, Roy the Remote, and raises general awareness of television channel changes in each local area and includes information on the retune date, how to retune and details of where to get help.

In 2012–13, the key performance indicator was that 40 digital television services were to be restacked. One South Australian site containing three services was removed from the timetable and no longer had to be restacked under the program. One additional service was restacked early and as a result, 38 digital television services successfully restacked in the year including three metropolitan sites in Adelaide (Mount Lofty), Perth (Bickley) and Brisbane (Mount Coot-tha), which combined, provide transmission services to 2.4 million households.

A comprehensive range of information to help with retuning is available on the retune website www.australia.gov.au/retune and by calling 1800 20 10 13.

FINANCIAL PERFORMANCE

This section should be read in conjunction with the Department's audited financial statements for 2012–13, which appear in the Financial Statements section of the report.

Overview of the Department's finances

Parliament provides the Department with two types of funding: departmental and administered. Departmental funds are used to produce goods and services (outputs) at a quantity, quality and price endorsed by the Government. The Department administers funds, assets and liabilities on behalf of the Australian Government, which controls how the Department uses them and requires the Department to account for them separately.

Departmental finances

The Department's net cost of services for 2012–13 was \$118.8 million, with revenue from government of \$113.2 million, resulting in an operating deficit of \$5.6 million.

Total expenses decreased by \$12.4 million in 2012–13, reflecting in part, one-off expenses in 2011–12 associated with the establishment of TUSMA, the convergence and media inquiries and the termination of the Australian Broadband Guarantee Program on 30 June 2012.

The Department's net assets were broadly unchanged year-on-year. The fall in non-financial assets largely reflects a contraction in leasehold assets.

Table 2.1 Summary of departmental financial performance and position

	2008–09 \$m	2009–10 \$m	2010–11 \$m	2011–12 \$m	2012–13 \$m	Change last year	
Employee and supplier expenses	108.7	143.9	120.4	127.6	113.1	(11.4%)	▼
Depreciation	5.9	5.8	6.1	6.1	7.1	16.4%	▲
Other Expenses	0.5	1.2	0.2	0.4	1.5	275.0%	▲
Total Expenses	115.0	150.9	126.8	134.1	121.7	(9.2%)	▼
Revenue from Government	117.1	153.8	125.2	127.6	113.2	(11.3%)	▲
Other Revenue	1.4	2.0	0.2	1.4	2.5	78.6%	▲
Gains	0.5	0.8	0.4	0.4	0.4	0.0%	▼
Total Income	119.0	156.6	125.8	129.3	116.1	(10.3%)	▼
Net cost of services	113.0	148.1	126.3	132.3	118.8	(10.2%)	▼
Operating Result (Loss)	4.0	5.7	1.0	(4.7)	(5.6)	19.1%	▲
Financial Assets	86.5	80.0	75.7	79.6	83.5	4.9%	▲
Non-financial assets	13.3	19.5	22.9	25.1	22.0	(12.4%)	▼
Liabilities	26.8	38.6	35.6	40.3	41.0	1.7%	▲
Net assets	73.0	61.0	62.9	64.4	64.5	0.2%	▲

Administered finances

Administered income increased by \$50.1 million, reflecting an increase in dividends received from Australia Post.

Administered expenses decreased by \$232.4 million, predominately due to a one-off grant payment associated with the NBN payments to Telstra during 2011–12, offset in part by increased activity associated with the switchover to digital only television.

Administered financial assets were largely unchanged with an increase in the Commonwealth's investment in NBN Co offset by a reduction in the value of the Commonwealth's interest in Australia Post.

Administered non-financial assets reduced by \$84.6 million, reflecting the provision of an Indefeasible Right of Use of the Regional Backbone Blackspots Program to NBN Co in June 2013.

Administered liabilities increased by \$27.9 million, largely due to the increased suppliers and subsidies payable on the administered programs associated with the increased activity in Digital Switchover and Digital Television Switchover Spectrum Restack Programs.

Table 2.2 Summary of administered financial performance and position

	2008–09 \$m	2009–10 \$m	2010–11 \$m	2011–12 \$m	2012–13 \$m	Change last year	
Grants	83.1	74.2	63.9	549.7	190.5	(65.3%)	▼
Subsidies	84.8	79.3	46.1	19.9	47.3	137.7%	▲
Other expenses	17.8	36.4	44.2	71.2	115.8	62.7%	▲
Payments to CAC Act* bodies	1,049.9	1,121.5	1,167.8	1,218.9	1,273.7	4.5%	▲
Total Expenses	1,235.5	1,311.3	1,321.9	1,859.7	1,627.3	(12.5%)	▼
Interest	86.4	4.1	2.5	0.8	0.2	(69.0%)	▼
Dividends	427.8	171.9	78.5	193.9	243.7	25.7%	▲
Other revenue	0.3	1.0	1.2	0.9	1.8	100.0%	▲
Gains	1.0	0.0	0.0	0.0	0.0	N/A	N/A
Total Income	515.6	177.0	82.2	195.6	245.7	25.6%	▲
Financial Assets	3,637.4	3,630.5	4,900.3	6,829.5	6,823.1	(0.1%)	▲
Non-financial assets	3.1	47.7	228.6	280.4	195.8	(30.2%)	▼
Liabilities	22.6	40.1	43.1	71.7	99.6	38.9%	▲
Net assets	3,617.9	3,638.2	5,086.0	7,038.2	6,919.3	(1.7%)	▲

* Commonwealth Authorities and Companies Act 1997.

Grants

The Department administers the following grant programs:

- > Community Broadcasting Program
- > Consumer Representation Grants
- > Digital Hubs Program
- > Digital Enterprise Program
- > Digital Local Government Program
- > Digital Switchover Liaison Officers
- > Indigenous Broadcasting Program
- > Indigenous Communications Program
- > ICT Centre of Excellence—National ICT Australia
- > Museum Online
- > Regional Equalisation Plan
- > Restack—Program Management
- > Spectrum Restacking
- > Viewer Access Satellite Television
- > The Electronic News Gathering Program.

Information on grants awarded by the Department during the period 1 July 2012 to 30 June 2013 is available at www.dbcde.gov.au > About us > Reporting requirements and reviews.

03

MANAGEMENT AND ACCOUNTABILITY

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Our corporate teams provide important strategic and operational support to the Department and Minister's Office. This section of the report provides an overview of the work done by our Governance, Finance, IT, People, Communication and Legal areas to help the Department achieve its program objectives.

CORPORATE GOVERNANCE AND PERFORMANCE

Key components of the Department's corporate governance framework are business planning, risk and business continuity management, financial and people management, audit, and performance monitoring and reporting.

Corporate and business planning

Business planning is carried out at a whole-of-department level (as reflected in the Corporate Plan 2011–13), as well as at division and branch levels. It is also reflected at an individual level in performance management plans agreed between staff members and supervisors. Our business planning framework, including the Corporate Plan, will be reviewed in 2013–14.

Management Committees

Executive Management Group

The Executive Management Group (EMG) is chaired by the Secretary and made up of all Deputies, First Assistant Secretaries, the Chief Financial Officer and Assistant Secretaries from the Communication and People branches. EMG provides advice to the Secretary on the operations of the Department, including strategic direction, organisational priorities, human resource management, governance, budget and performance monitoring. It met fortnightly throughout 2012–13.

Audit Committee

The Audit Committee has five members made up of an external Chair, an external Deputy Chair and three internal members. It provides independent advice to the Secretary on our control frameworks, externally published financial information, and compliance with statutory obligations in accordance with Section 46 of the *Financial Management and Accountability Act 1997* (FMA Act). The Audit Committee met five times in 2012–13.

Performance Reporting Committee

The Performance Reporting Committee (PRC) assesses the Department's administered programs, major policy initiatives and major capital projects. Performance is measured against indicators outlined in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES), as well as against project milestones. PRC was replaced with the Implementation Risk Committee (IRC) in June 2013. IRC will provide strategic oversight of the implementation, management and evaluation of programs, projects and activities across the Department.

Health and Safety Committee

The Health and Safety Committee drives a partnership between management and staff, to make sure health and safety issues are effectively managed. The Committee met four times during 2012–13.

Workplace Consultative Committee

The Workplace Consultative Committee (WCC) was created under the Department's Enterprise Agreement as a forum for information sharing between the Department, staff and unions and to oversee the Agreement's implementation. The WCC includes eight elected staff representatives, one graduate representative, as well as union organisers from the Community and Public Sector Union and the Media, Entertainment and Arts Alliance. During 2012–13, the WCC met three times.

Information Management Committee

The Information Management Committee oversees the development and implementation of the Department's ICT Strategic Plan and Information Strategy, as well as change management strategies and internal communications regarding IT. The Committee met five times during 2012–13.

Senior Executive Service meetings

Senior Executive Service (SES) meetings are held fortnightly. All SES attend and use this forum to discuss projects that cut across areas of the Department, significant interactions with the Minister's Office and overarching strategic issues.

Governance processes

Risk management and fraud control

The Department is committed to promoting a culture that encourages rigorous risk assessment, informed risk taking and that anticipates risk in achieving objectives.

At the departmental level, our executive focuses on managing and reviewing key business risks. To help mitigate these, during 2012–13 we continued to make sure there were strong links between our identified key business and division level risks, and our internal audit program. The Audit Committee plays an active role in providing assurance around identified key business risks, division level risks and how the broader Risk Management Framework operates.

Our fraud control arrangements form part of our Risk Management Framework and these comply with the Commonwealth Fraud Control Guidelines 2011. We have appropriate fraud prevention, detection, investigation, reporting, and data collection procedures and processes in place. During 2012–13, no incidents of fraud were reported.

Ethical standards

During 2012–13, we continued to promote the importance of ethical standards through the Chief Executive's Instructions (CEIs), practical guides, training programs, and human resources policies and procedures.

Staff have been advised of their individual obligations under the Australian Public Service Values and Code of Conduct to manage real and perceived conflicts of interest through the CEIs and the Probity and Conflict of Interest Practical Guide. A record of private interest disclosures is maintained for SES staff.

We have a whistle-blowing policy and procedure in place for staff, which is available on our intranet.

Business continuity planning

The Department has a Business Continuity Plan (BCP) that promotes policies, procedures and responsibilities to make sure key business activities continue in the event business is interrupted.

During 2012–13, we updated the BCP twice. We updated it to reflect recommendations made after exercises held in March and April 2012, and following a Business Impact Analysis in October 2012. These changes further strengthened the BCP.

In June 2013, the Department carried out a desktop disaster recovery exercise that involved the Crisis Team. The exercise tested the updated BCP and its sub-plans to determine whether further improvements were needed. Recommendations from the exercise will be implemented in 2013–14.

Capability improvement planning

The Department assessed its organisational capability using the Portfolio, Programme and Project Management Maturity Model, and developed a roadmap for improvement in the organisation in the form of a Capability Improvement Plan (CIP). The CIP was finalised and approved by EMG on 4 July 2012. The Plan is in the implementation phase and is focused on increasing our capability in project management to improve delivery of our day-to-day work and, ultimately, our strategic priorities. The next annual assessment will take place in September 2013.

Internal audit

During 2012–13, internal audit services were carried out by KPMG and overseen by the Audit Committee. The 2012–13 Internal Audit Plan was developed to take into account our key business risks, as well as emerging risks of significance. The Plan was developed in consultation with senior management and the Audit Committee, and all internal audit reports were reviewed by the Audit Committee.

During the reporting period, ten audits were completed. A variety of auditing approaches were adopted for these reviews, including traditional performance audits, pre-emptive proactive audits and short 'in-flight' audits designed to test the need for a more in-depth audit. Recommendations were tracked and progress reports were given to the Audit Committee and the Secretary.

External scrutiny

The Australian National Audit Office (ANAO) performance audit on the Regional Backbone Blackspots Program, which commenced in 2011–12, was tabled on 30 August 2012 (Report No. 2).

In 2012–13, the Department was involved as a direct participant in four ANAO cross-portfolio audits. The ANAO has issued a report for three of these audits and one is still ongoing. These are outlined below.

Audits of the Financial Statements of Australian Government Entities for the period ending 30 June 2012

Tabled: 20 December 2012

The ANAO financial statement audits are an independent examination of the financial accounting and reporting of public sector entities. This report complements the interim phase audit and provides a summary of the final audit results.

There were no significant or moderate audit findings arising from the 2010–11 audit and one moderate audit finding arising from the 2011–12 audit.

Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2013

Tabled: 20 June 2013

The interim phase of the audit included a review of governance arrangements related to agencies' financial reporting responsibilities and examined relevant internal controls, including information technology system controls. This examination was designed to assess the reliance that can be placed on agencies internal controls to produce complete and accurate information for financial reporting.

The ANAO's review concluded that key elements of internal control were operating effectively to provide reasonable assurance departments will be able to prepare financial statements free of material misstatement.

Administration of Government Advertising Arrangements since August 2011

Tabled: 26 June 2013

Following the introduction of revised government advertising arrangements in 2010, the ANAO was asked to consider undertaking periodic performance audits of the administration of government advertising.

There were no recommendations for the Department in this report. The ANAO concluded our administration of the regional and metropolitan National Broadband Network (NBN) advertising campaigns met the vast majority of requirements of the campaign advertising framework.

Managing Conflicts of Interest in FMA Agencies [in progress]

In March 2013, the Department took part in Phase 1 of the cross-agency audit on Managing Conflicts of Interest. The ANAO have indicated on their website that the report for this audit is scheduled to be tabled in autumn 2014.

During 2012–13, the Commonwealth Ombudsman received 22 approaches about the Department. Eighteen of these approaches were not investigated and the remaining four were investigated. The four matters that were investigated related to digital television switchover.

There were no judicial decisions, decisions of administrative tribunals or decisions by the Australian Information Commissioner that have had, or may have, a significant impact on our operations during 2012–13.

Client Service Charter

Our Client Service Charter gives a contact point for clients to resolve complaints within the Department. Our Client Service Charter and complaints handling policy were reviewed and updated during 2012–13. One formal complaint was received during the reporting period.

Freedom of Information

We have received a consistent number of Freedom of Information (FOI) requests over the past few years, however, requests are becoming more specialised and complex. Documents that can be accessed under FOI are published in our FOI Disclosure Log.

Please visit www.dbcde.gov.au to view our Information Publication Scheme plan and FOI Disclosure Log.

Financial management

During 2012–13, we significantly refreshed the Department's CEIs and supporting guidance. This was to better align internal policies with the whole-of-government standard set by the Model CEIs issued by the Department of Finance and Deregulation.

Legal and Regulation

Our Legal Division provided legal and regulatory advice on matters of portfolio interest, which was supplemented when necessary by external providers.

Legal and Regulation provided advice on a wide variety of matters including:

- > NBN
- > structural separation of Telstra
- > radiocommunications spectrum licensing
- > digital television switchover
- > digital dividend spectrum restacking and reallocation
- > digital economy funding programs
- > new telecommunications universal service arrangements
- > interactive gambling
- > convergence
- > departmental procurement and contracting and FOI.

During 2012–13, Legal and Regulation provided input on six Bills and 61 legislative instruments. Appendix 3 provides further details about legislation.

SUPPORTING OUR MINISTER

We supported the Minister and his office by preparing, coordinating and processing responses to ministerial correspondence and questions taken on notice at Senate Estimates and Parliamentary Questions on Notice. We also prepared material for Senate Order reports, ministerial submissions and briefings on visits, meetings, functions, speeches, Question Time and Senate Estimates.

The volume of correspondence, ministerial submissions, briefs and Questions on Notice we processed for the current and previous financial year is set out in Table 3.1.

Table 3.1 Volume of correspondence, ministerial submissions, briefs and Questions on Notice processed

Type of advice	2011–12	2012–13
Ministerial correspondence*	8102	7758
Ministerial submissions	916	851
Briefs	148	222
Question Time briefs	356	319
Parliamentary Questions on Notice	128	93
Consumer campaign correspondence	2556	16438
Departmental Senate Estimates Questions on Notice	315	262
Portfolio agency Senate Estimates Questions on Notice	1013	1093

*Parliamentary reporting of correspondence includes all items received and processed, including items for information, appropriate action and response.

Communication and media

The Communication Branch supports our strategic priorities by providing communication advice and various services to both the Minister and the Department.

In 2012–13, the Branch prepared over 300 media releases, responded to over 500 media inquiries, and produced over 100 ministerial and departmental speeches.

There were several key areas of focus during the reporting period. These included developing and delivering the metropolitan NBN television, radio, press and digital advertising campaign (phase one and two) and NBN Business Forums around the country. The team also supported the launch of Digital Hubs through public affairs activities, branding and information materials. It also developed and carried out multi-regional advertising campaigns and public relations and media strategies to help raise awareness and understanding of the digital switchover and retune.

Other areas of focus in 2012–13 included daily internal communication through intranet news, announcements and video production, including training materials.

PARLIAMENTARY COMMITTEE INQUIRIES

During 2012–13, the Department appeared before the Senate Standing Committee on Environment and Communications for Supplementary Budget Estimates, Additional Budget Estimates and Budget Estimates.

The Department also made appearances before, as well as submissions and responses to, a number of parliamentary committee inquiries during the year. These are outlined in Table 3.2 below.

Table 3.2 Appearances before, and submissions and responses to, parliamentary committee inquiries

Committee	Inquiry
House Standing Committee on Infrastructure and Communications	> IT Pricing
	> Broadcasting Legislation Amendment (Digital Dividend) Bill 2013
Joint Select Committee on Broadcasting Legislation	> Potential areas for further reform of Australia's broadcasting legislation
Joint Select Committee on Cyber-Safety	> Cybersafety for Senior Australians
Joint Committee on the National Broadband Network	> Rollout of the National Broadband Network (Fifth Review)
	> Rollout of the National Broadband Network (Fourth Review)
	> Rollout of the National Broadband Network (Third Review)
Joint Standing Committee on Treaties	> Partial revision of the 2008 Radio Regulations, as incorporated in the International Telecommunication Union Final Acts of the World Radiocommunication Conference of 2012 (WRC-12)
Parliamentary Joint Committee on Law Enforcement	> Spectrum for public safety mobile broadband
Joint Parliamentary Committee on Intelligence and Security	> Inquiry into potential reforms of National Security Legislation
Joint Select Committee on Gambling Reform	> The advertising and promotion of gambling services in sport
	> Interactive Gambling Amendment (Virtual Credits) Bill 2013

Committee	Inquiry
Senate Standing Committee on Environment and Communications— legislation committee	<ul style="list-style-type: none"> > Telecommunications Legislation Amendment (Consumer Protection) Bill 2013 (Provisions) > Media Reforms Bill Package > Broadcasting Amendment (Convergence review and Other Measures) Bill 2013 > Broadcasting Legislation Amendment (News Media Diversity) Bill 2013 > News Media (Self-regulation) (Consequential Amendments) Bill 2013 > News Media (Self-regulation) Bill 2013 > Public Interest Media Advocate Bill 2013 > Television Licence Fees Amendment Bill 2013
Senate Standing Committee on Environment and Communications— References Committee	<ul style="list-style-type: none"> > The feasibility of a prohibition on charging fees for an unlisted number service > The effectiveness of current regulatory arrangements dealing with the simultaneous transmission of radio programs using the broadcasting services bands and the internet ('simulcast')
House Standing Committee on Petitions	<ul style="list-style-type: none"> > Requesting a Post Office licence to be granted within the Lakeside Estate in Pakenham, Victoria > Request to have Wanneroo Post Office relocated or upgraded to an acceptable and safe standard > Requesting improved television reception in Churchill, Victoria

OUR PEOPLE

The Department has a challenging role to develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector. In this context, it is important we continue to build organisational capability to improve productivity and performance. We also provide streamlined and robust people management systems and processes that not only make sure the Department meets accountability standards, but contributes to the ongoing health, wellbeing and engagement of staff.

During 2012–13, we started developing a new Human Resource Strategy focused on strengthening organisational culture and leadership as well as building capability.

Engagement

Consultative arrangements

The WCC provides a forum for information sharing between the Department, staff and unions. Further information on the WCC is included under the Management Committees sub-section in this section of the report.

Staff engagement

The Talking Heads Program continues to give staff access to high quality business speakers and senior departmental staff. Topics canvassed this year included a range of issues around digital productivity and included big data, pathways for remote Indigenous communities, and the impact of the digital economy on business enterprises, such as Australia Post and the ABC. There were also presentations by the Secretary and all three Deputy Secretaries.

Capability development and performance improvement

Core skills

Training in core skills is provided for all staff and covers APS and departmental induction, APS Values and Code of Conduct, fraud awareness, financial management, legal awareness, policy development and management. During the reporting period, 64 courses were delivered and 699 staff took part.

Leadership potential

Leadership and Management capability programs were again offered to staff at the APS 5–6 level, Executive Level 1 (EL1) and Executive Level 2 (EL2). During 2012–13, one Manager Development Program (APS 5–6) was delivered to 17 participants, one Strategic Management Program (EL1) and two Manager as Coach Programs (for EL staff) were also delivered, to 17 and 11 participants respectively. These programs are designed to improve staff capability to effectively lead and manage people, deliver the Department's work programs, as well as improve the career potential of staff.

Three EL2 staff attended the Australian Public Service Commission's Career Development Assessment Centre Program, with one attending the Australian Public Sector Applied Management Colloquium.

Workplace diversity

The Department is committed to supporting the diversity of our staff. We make any reasonable adjustments we can during recruitment and employment for those who have a disability. We are a member of the Australian Network on Disability (AND), source advice when we need it and take part in programs that are supported or developed by AND.

We are committed to increasing the recruitment of Indigenous staff by taking part in the Indigenous Pathways Program. We have also been a host employer for the Stepping into... Program, which helps develop and maintain a workplace culture that values diversity and promotes employment of people with disability.

During 2012–13, there were no formal bullying and harassment complaints and seven complaints of inappropriate behaviour were informally discussed with either Diversity and Harassment Contact Officers, or Human Resources staff. This compares to no formal and four informal complaints reported in 2011–12.

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth 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. From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy which sets out a 10-year national policy framework for improving life for Australians with disability, their families and carers. A high-level report to track progress for people with disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at www.fahcsia.gov.au. The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular How Australia is Faring report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at www.socialinclusion.gov.au.

Reward and recognition

We celebrate and recognise the exceptional contribution of staff through the Reward and Recognition Program. The Secretary presented four team and four individual awards at the Australia Day Awards in January 2013. Team awards were presented to staff in the Design Studio, International Telecommunication Union and Treaties team, Safety and Wellbeing team, and Digital Communities Section.

In addition, Marianne Cullen, who was previously the First Assistant Secretary of the NBN Implementation Division, was awarded a Public Service Medal for outstanding public service and contribution to the Australian community through the development and implementation of the NBN.

Workforce planning

The Department continued to develop and advance its workforce planning capability during 2012–13. Workforce planning metrics have focused on a range of indicators, including:

- > staffing levels and rates of movement
- > turnover
- > tenure
- > leave
- > gender
- > age.

The capability framework delivered in 2011–12 was improved to include an Agility Register and job evaluation tool to help retain and redeploy staff within the Department. These changes will help us adapt to future changes in work programs as well as the winding down or closure of some programs through 2013 and 2014.

Work health and safety

Significant work was undertaken during the reporting period following the start of the *Work Health and Safety Act 2011* (WHS Act) on 1 January 2012. Following a gap analysis of the Department's safety systems in 2011–12, a new health and safety framework was created to maximise our compliance with the new legislation.

An online WHS induction package was developed and implemented in October 2012 with most staff completing the training by the end of 2012. Online training is ongoing and is mandatory for all new staff. We also implemented an online incident reporting system. The system provides an increased visibility of hazards and allows greater flexibility for reporting. There were twenty notifiable incidents reported during 2012–13. This included one incident that occurred in the Department with another nineteen incidents that involved external contractors where the Department was a secondary person conducting a business or undertaking. No provisional improvement notices were issued in 2012–13.

We have continued to provide a range of initiatives that support staff wellbeing. The Kick-start Healthy Habits initiative in the second half of the year saw some staff take part in the Global Corporate Challenge, which encouraged increased physical activity.

All staff had access to influenza vaccinations, Mental Health First Aid training and the Department's Employee Assistance Program, including Manager Assist.

Our terms and conditions of employment

Enterprise Agreement

The Department's Enterprise Agreement started on 1 July 2011. It covers all non-SES staff employed under the *Public Service Act 1999* and will nominally expire on 30 June 2014. At 30 June 2013, 610 staff were covered by this agreement. The agreement contains provisions for individual flexibility arrangements to enable remuneration and conditions to be tailored for individual employees in particular circumstances. At 30 June 2013, 28 non-SES staff had individual flexibility arrangements in place.

The objectives of the Agreement are to:

- > Allow organisational productivity and performance by building a strong and positive culture.
- > Encourage staff commitment and engagement.
- > Attract and retain high performing staff.
- > Improve business outcomes for the Department and clients.

SES remuneration

The terms and conditions of employment for SES staff are contained in individual Determinations made under sub-section 24(1) of the *Public Service Act 1999* and Common Law Contracts (CLC).

The Determinations and CLCs set the remuneration and general conditions of service for SES staff and provide for non-salary inclusions relating to leave arrangements and entitlements, superannuation, salary sacrifice, travel and an allowance for a motor vehicle (or payment of an allowance in lieu of motor vehicle).

See Appendix 4 for statistics on employment instrument coverage and SES remuneration.



GIVING OUR STAFF THE TOOLS THEY NEED TO DO BUSINESS

Information, security, technology, facilities and support

During 2012–13, we carried out a number of information technology improvement projects. Of significance was the deployment of a teleworking solution that gave staff on the NBN the flexibility of working from home or the office, through the provision of a fully-functional computing environment with access to all systems, high-definition video conferencing and a follow-me phone capability.

Toward the end of the reporting period, we moved our secure internet gateway to a new provider as part of a consolidation of gateways across government agencies.

To meet the increasing expectation of people accessing the internet from mobile devices, the Department released mobile versions of the Department's website, the Minister's website, as well as the Digital Business and nbn.gov.au sites.

In 2012–13, we requested 179 security clearances from the Australian Government Security Vetting Agency. This included TUSMA staff, as part of the support services the Department provides to TUSMA.

Asset management

Our capital plan reflects government priorities and business needs and complies with the Government's financial management framework. We monitor asset acquisitions and disposals against this plan.

We carry out an annual stocktake to update and verify the accuracy of our asset records and review their condition and utility.

Procurement

Our procurement policies, processes and practices are consistent with the FMA Act and the Commonwealth Procurement Rules (CPRs). Appropriate controls are in place to make sure procurement is carried out in accordance with the CPRs. These controls also help identify potential areas for improvement.

We publish procurement activities and annual procurement plans on AusTender. Information on expected procurement activities in 2013–14 is included in our latest annual procurement plan, and is also available on AusTender.

During 2012–13, we reviewed and updated our internal procurement guidance to make sure it was consistent with the CPRs and met the needs of staff. We also moved to the mandated whole-of-government arrangements covering travel related services, including travel management, airfares, credit cards, accommodation and car rentals.

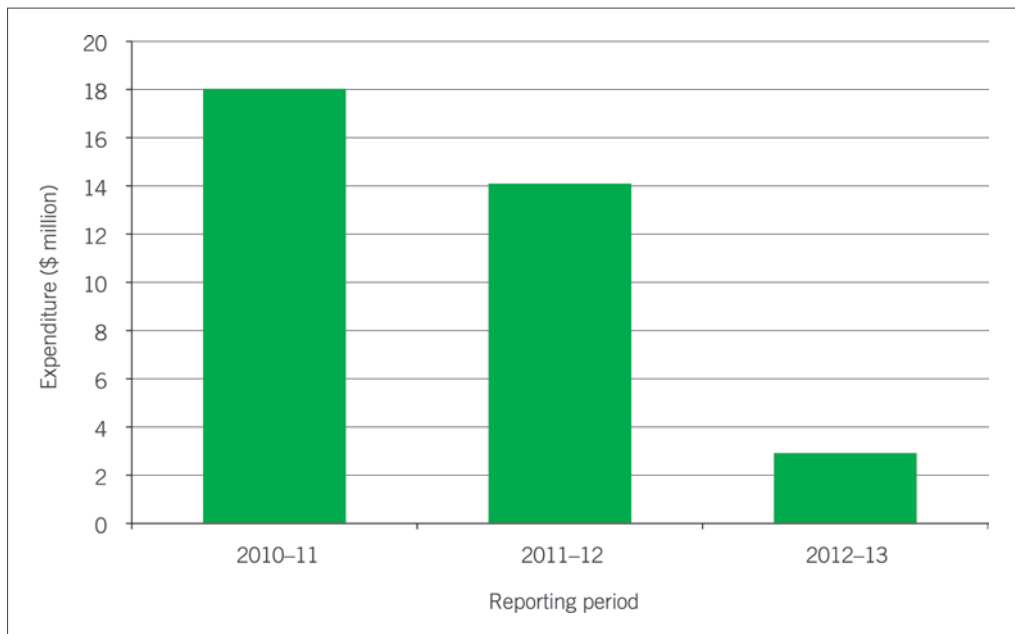
Consultancies

We engage consultants to provide specialised professional services when we don't have the capability or capacity to perform these in-house, or where we need independent research, review, assessment or advice. Consultants are typically engaged to investigate or diagnose a specific issue or problem, carry out reviews or evaluations, as well as provide independent advice, information or solutions to help us make decisions.

Before engaging consultants, we take into account the skills and resources needed for the task, the skills available internally and the cost-effectiveness of engaging external expertise. Our policy for selecting and engaging consultants is in accordance with the FMA Act and the CPRs and is based on the core principle of achieving value for money. During 2012–13, 82 new consultancy contracts were entered into, involving total actual expenditure of \$1.9 million. In addition, 29 ongoing consultancy contracts were active during 2012–13, involving total actual expenditure of \$1.3 million.

Figure 3.1 represents our expenditure on consultancy contracts over the three most recent financial years.

Figure 3.1 Expenditure on consultancy contracts from 2010 to 2013



Annual reports contain information about actual expenditure on contracts for consultancies. Please visit the AusTender website www.tenders.gov.au for information on the value of contracts and consultancies.

Auditor-General's access to premises of contractors

During 2012–13, all competitively tendered contracts of \$100 000 or more (inclusive of GST) gave the Auditor-General access to the premises of contractors.

Exempt contracts

During 2012–13, no contracts or standing offers were exempted by the Secretary from being published on AusTender on the basis they would disclose matters exempt under the *Freedom of Information Act 1982*.

Ecologically sustainable development and environmental performance

We have maintained our commitment to continuing and improving our environmental performance through a number of initiatives. These included:

- > Upgrading the boiler and chiller plant, which created heating, ventilation and air conditioning efficiencies.
- > Upgrading or replacing older inefficient light fittings with new energy efficient ones.
- > Installing advanced energy and power meters.

These initiatives have allowed us to reduce energy consumption by 5.8 per cent in 2012–13.

We also considered the environment in our procurement activities by making sure office equipment and whitegoods were replaced with energy efficient models.

On the information technology front, we encouraged more sustainable and efficient practices. These included:

- > Using the Australian Government Information Management Office's specifications for our desktop computer fleet in relation to energy efficiency.
- > Trialling new low-energy PCs as a desktop replacement.
- > Upgrading video conferencing facilities to reduce the need to travel to meetings.
- > Extending the virtualisation of our IT server fleet, to allow more services to operate on fewer hardware devices.

04

FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

I have audited the accompanying financial statements of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2013, which comprise: a Statement by the Departmental Secretary and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Secretary's Responsibility for the Financial Statements

The Secretary of the Department of Broadband, Communications and the Digital Economy is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Broadband, Communications and the Digital Economy's preparation of the financial statements that give a true and fair view 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 Department of Broadband,

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Communications and the Digital Economy's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Secretary of the Department of Broadband, Communications and the Digital Economy, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Department of Broadband, Communications and the Digital Economy:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Broadband, Communications and the Digital Economy's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Warren J Cochrane
Group Executive Director
Delegate of the Auditor-General
Canberra
26 August 2013



Australian Government
**Department of Broadband,
Communications and the Digital Economy**

2012-13 FINANCIAL STATEMENTS

**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Drew Clarke
Secretary

Anne Fleischer
Chief Financial Officer

26 August 2013

26 August 2013

Department of Broadband, Communications and the Digital Economy
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
EXPENSES			
Employee benefits	3A	78,127	85,349
Suppliers	3B	34,939	42,278
Grants	3C	5	112
Depreciation and amortisation	3D	7,094	6,084
Finance costs	3E	48	84
Write-down and impairment of assets	3F	1,406	15
Losses from asset sales	3G	1	26
Other expenses	3H	48	122
Total expenses		121,668	134,070
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	2,419	1,111
Rental income	4B	119	-
Other revenue	4C	8	250
Total own-source revenue		2,546	1,361
Gains			
Reversals of previous asset write-downs and impairments	4D	-	9
Other gains	4E	374	380
Total gains		374	389
Total own-source income		2,920	1,750
Net cost of services		118,748	132,320
Revenue from Government	4F	113,190	127,587
Deficit attributable to the Australian Government		(5,558)	(4,733)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit and loss			
Changes in asset revaluation surplus		246	230
Total other comprehensive income		246	230
Total comprehensive income attributable to the Australian Government		(5,312)	(4,503)

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

Department of Broadband, Communications and the Digital Economy

BALANCE SHEET

as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A, 10	588	523
Trade and other receivables	5B	82,898	79,083
Other financial assets	5C	16	-
Total financial assets		83,502	79,606
Non-Financial Assets			
Land and buildings	6A, 6C	6,269	9,813
Property, plant and equipment	6B, 6C	5,322	4,887
Intangibles	6D, 6E	9,048	8,988
Other non-financial assets	6F	1,389	1,450
Total non-financial assets		22,028	25,138
Total assets		105,530	104,744
LIABILITIES			
Payables			
Suppliers	7A	7,830	7,107
Grants	7B	-	50
Lease incentives	7C	98	319
Other payables	7D	5,169	4,619
Total payables		13,097	12,095
Provisions			
Employee provisions	8A	23,630	23,963
Other provisions	8B	4,232	4,262
Total provisions		27,862	28,225
Total liabilities		40,959	40,320
Net assets		64,571	64,424
EQUITY			
Contributed equity/capital		16,789	11,330
Reserves		8,865	8,619
Retained surplus		38,917	44,475
Total equity		64,571	64,424

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

Department of Broadband, Communications and the Digital Economy
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2013

	Retained surplus		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	44,475	49,288	8,619	8,389	11,330	5,226	64,424	62,903
Balance carried forward from previous period	-	(80)	-	-	-	-	-	(80)
Adjustment for changes in accounting estimates ¹	44,475	49,208	8,619	8,389	11,330	5,226	64,424	62,823
Adjusted opening balance								
Comprehensive income								
Other comprehensive income	-	-	246	230	-	-	246	230
Deficit for the period	(5,558)	(4,733)	-	-	-	-	(5,558)	(4,733)
Total comprehensive (deficit)/income	(5,558)	(4,733)	246	230	-	-	(5,312)	(4,503)
Transactions with owners								
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	1,200	2,116	1,200	2,116
Departmental capital budget	-	-	-	-	4,259	4,146	4,259	4,146
Restructuring	-	-	-	-	-	(158)	-	(158)
Sub-total transactions with owners	-	-	-	-	5,459	6,104	5,459	6,104
Closing balance attributable to the Australian Government	38,917	44,475	8,865	8,619	16,789	11,330	64,571	64,424

¹ The Department made adjustments to its lease incentive provision based on rent reviews in August 2011 which resulted in a decrease to retained surplus of \$80,000 in 2012.

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

Department of Broadband, Communications and the Digital Economy

CASH FLOW STATEMENT

for the period ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		2,119	757
Appropriations		118,755	131,723
Net GST received		3,725	5,143
Other		12	661
Total cash received		124,611	138,284
Cash used			
Employees		77,878	77,864
Suppliers		37,956	50,565
Grants		61	90
Section 31 receipts transferred to the Official Public Account		8,773	8,035
Other		53	134
Total cash used		124,721	136,688
Net cash (used by) from operating activities	10	(110)	1,596
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		461	33
Total cash received		461	33
Cash used			
Purchase of land and buildings		808	1,193
Purchase of property, plant and equipment		1,097	3,120
Purchase of intangibles		3,840	3,586
Total cash used		5,745	7,899
Net cash used by investing activities		(5,284)	(7,866)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		1,200	2,116
Departmental capital budget		4,259	4,146
Total cash received		5,459	6,262
Net cash from financing activities		5,459	6,262
Net increase in cash held		65	(8)
Cash and cash equivalents at the beginning of the reporting period		523	531
Cash and cash equivalents at the end of the reporting period	5A	588	523

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

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2013

	2013 \$'000	2012 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(3,051)	(1,369)
Other commitments	(2,415)	-
Total commitments receivable	(5,466)	(1,369)
Commitments payable		
Operating leases ¹	19,575	4,034
Service contract commitments ²	15,802	11,024
Total commitments payable	35,377	15,058
Net commitments by type	29,911	13,689
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
One year or less	(1,062)	(985)
From one to five years	(1,975)	(384)
Over five years	(14)	-
Total net GST recoverable on commitments	(3,051)	(1,369)
Other commitment receivable		
One year or less	(2,415)	-
Total net GST recoverable on commitments	(2,415)	-
Total commitments receivable	(5,466)	(1,369)
Commitments payable		
Operating lease commitments		
One year or less	4,356	3,879
From one to five years	15,219	155
Total operating lease commitments	19,575	4,034
Service contract commitments		
One year or less	9,146	6,955
From one to five years	6,500	4,069
Over five years	156	-
Total service contract commitments	15,802	11,024
Total commitments payable	35,377	15,058
Net commitments by maturity	29,911	13,689

Note: Commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2013

¹ Operating leases relate to premises leased by the Department. The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to a 3.5% fixed annual adjustment. The current term for the office accommodation expires on 21 November 2017. A further term of 5 years is available at the Department's discretion.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue level 1 and 2, Canberra, were subject to a 4% fixed annual adjustment. This converted to annual CPI increases as at 1 August 2010. The initial term for the office accommodation expired on 31 July 2010 and the Department exercised its option to extend the lease by a further 3 years. The Department is continuing lease negotiations.</p> <p>Lease payments at 44 Sydney Avenue suite 1A, Canberra, are subject to a 3.5% fixed annual adjustment. The initial term for the office accommodation expires on 30 June 2013. A further term of 5 years is available at the Department's discretion. The Department is continuing lease negotiations.</p> <p>Lease payments at 31 Market Street level 11 and 18, Sydney, are subject to a 4% fixed annual adjustment. The initial term expires on 30 June 2013. A further term of 2 years is available at the Department's discretion. The Department is continuing lease negotiations.</p> <p>Lease payments for the lease of storage space at 122-124 Gladstone Street, Canberra, are subject to a 4% fixed annual adjustment. The current term expires on 30 April 2014.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

² Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

Department of Broadband, Communications and the Digital Economy
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
EXPENSES			
Suppliers	16A	99,910	59,673
Subsidies	16B	47,257	19,881
Grants	16C	190,496	549,724
Depreciation and amortisation	16D	10,482	6,095
Write-down and impairment of assets	16E	-	25
Payments to CAC Act bodies	16F	1,273,676	1,218,914
Other expenses	16G	5,471	5,399
Total expenses administered on behalf of Government		1,627,292	1,859,711
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Non-taxation revenue			
Interest	17A	248	782
Dividends	17B	243,700	193,900
Rental income	17C	1,529	804
Other revenue	17D	267	91
Total non-taxation revenue		245,744	195,577
Gains			
Reversals of previous asset write-downs and impairments	17E	3	-
Total gains administered on behalf of Government		3	-
Total own-source income administered on behalf of Government		245,747	195,577
Net cost of services		1,381,545	1,664,134
Deficit administered on behalf of Government		(1,381,545)	(1,664,134)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to profit or loss			
Changes in asset revaluation surplus		-	11,689
Items subject to subsequent reclassification to profit or loss			
(Losses)/Gains on available for sale financial assets		(2,403,173)	455,922
Total other comprehensive income		(2,403,173)	467,611
Total comprehensive loss		(3,784,718)	(1,196,523)

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Financial assets			
Receivables	18A	12,453	23,065
Other investments	18B	6,810,647	6,806,469
Total financial assets		6,823,100	6,829,534
Non-financial assets			
Property, plant and equipment	19A, 19B	181,893	260,951
Inventories	19C	170	2,632
Other non-financial assets	19D	13,738	16,768
Total non-financial assets		195,801	280,351
Total assets administered on behalf of Government		7,018,901	7,109,885
LIABILITIES			
Payables			
Suppliers	20A	32,599	17,827
Subsidies	20B	23,844	4,734
Grants	20C	16,661	10,140
Administered GST payable	20D	6,014	16,980
Other payables	20E	20,521	22,050
Total payables		99,639	71,731
Total liabilities administered on behalf of Government		99,639	71,731
Net assets		6,919,262	7,038,154

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
ADMINISTERED RECONCILIATION SCHEDULE
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
Opening administered assets less administered liabilities as at 1 July	7,038,154	5,085,982
Surplus (deficit) items:		
Plus: Administered income	245,747	195,577
Less: Administered expenses (non CAC)	(353,616)	(640,797)
Payments to CAC Act bodies	(1,273,676)	(1,218,914)
Other comprehensive income:		
Administered revaluations taken (from) / to reserves	(2,403,173)	467,611
Administered transfers to / from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations for administered expenses (non CAC)	233,279	198,859
Administered asset and liabilities appropriations for payments to CAC Act bodies	2,050,000	1,488,963
Annual appropriations for payment to CAC Act bodies	1,273,676	1,218,914
Transfers to OPA	(257,574)	(221,654)
Restructuring ¹	-	13
Other ²	-	29
Administered receipts from the BAF Communications Portfolio Special Account - NBN Co Limited	366,445	-
Administered receipts from the BAF Communications Portfolio Special Account - Other	-	463,571
Closing administered assets less administered liabilities as at 30 June	6,919,262	7,038,154

¹ Relates to a transfer of the Indigenous Broadcasting Program from the Department of the Prime Minister and Cabinet of \$13,000.

² Relates to the transfer of receivables arising from the management of Commonwealth fines and costs from the Office of the Director of Public Prosecutions of \$29,000 on 1 October 2011.

Department of Broadband, Communications and the Digital Economy
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		258	792
Dividends		243,700	193,900
Net GST received		33,395	54,962
Other		687	121
Total cash received		278,040	249,775
Cash used			
Grants		124,460	597,604
Subsidies paid		32,502	25,688
Suppliers		92,617	54,762
Payments to CAC Act bodies		1,273,676	1,218,914
Other		5,295	7,784
Total cash used		1,528,550	1,904,752
Net cash used by operating activities	21	(1,250,510)	(1,654,977)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		3,000	11,095
Proceeds from return of equity by CAC Act body		9,094	15,571
Total cash received		12,094	26,666
Cash used			
Purchase of property, plant and equipment		-	42,017
CAC Act body investments		2,416,445	1,488,963
Total cash used		2,416,445	1,530,980
Net cash used by investing activities		(2,404,351)	(1,504,314)
Net decrease in cash held		(3,654,861)	(3,159,291)
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account for:			
- Appropriations		233,279	198,859
- CAC Act body appropriations		3,323,676	2,707,877
- Special accounts		366,445	463,571
- Section 30A drawdowns		22,490	65,628
		3,945,890	3,435,935
Cash to Official Public Account for:			
- Appropriations		(888)	(183)
- Dividends		(243,700)	(193,900)
- Section 30A repayments		(33,455)	(54,990)
- Other		(12,986)	(27,571)
		(291,029)	(276,644)
Cash and cash equivalents at the end of the reporting period		-	-
This schedule should be read in conjunction with the accompanying notes.			

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 30 June 2013

	2013 \$'000	2012 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(27,045)	(601,277)
Total commitments receivable	<u>(27,045)</u>	<u>(601,277)</u>
Commitments payable		
Capital commitments		
Investments in Commonwealth companies ¹	25,171,555	24,668,000
Total capital commitments	<u>25,171,555</u>	<u>24,668,000</u>
Other Commitments		
Grant commitments ²	230,185	213,071
NBN implementation, including universal service obligation ³	-	6,380,000
Other ⁴	67,311	20,975
Total other commitments	<u>297,496</u>	<u>6,614,046</u>
Total commitments payable	<u>25,469,051</u>	<u>31,282,046</u>
Net commitments by type	<u>25,442,006</u>	<u>30,680,769</u>
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
One year or less	(15,784)	(36,666)
From one to five years	(10,483)	(126,654)
Over five years	(778)	(437,957)
Total commitments receivable	<u>(27,045)</u>	<u>(601,277)</u>
Commitments payable		
Capital commitments		
One year or less	5,100,000	5,788,000
From one to five years	19,000,000	17,500,000
Over five years	1,071,555	1,380,000
Total capital commitments	<u>25,171,555</u>	<u>24,668,000</u>
Other commitments		
One year or less	173,629	403,329
From one to five years	115,308	1,393,195
Over five years	8,559	4,817,522
Total other commitments	<u>297,496</u>	<u>6,614,046</u>
Total commitments payable	<u>25,469,051</u>	<u>31,282,046</u>
Net commitments by maturity	<u>25,442,006</u>	<u>30,680,769</u>

NB: Commitments are GST inclusive where relevant.

¹ Investments in Commonwealth companies relates to the Commonwealth's Equity Agreement with the NBN Co Limited.

² Grant commitments predominantly relate to the Digital Switchover funding (\$80,850,000), the Information Communication Technology (ICT) - Centre of Excellence (\$48,397,000), Electronic News Gathering (\$26,952,000), Indigenous Broadcasting (\$24,746,000), Restack Program (\$13,860,000), Regional Equalisation Plan (\$13,304,000) and Digital Productivity (\$11,968,000).

³ NBN implementation, including universal service obligation, activities represent amounts that the Commonwealth committed to as part of the 23 June 2011 announcements, including the Telecommunications Universal Services Management Agency (TUSMA) Agreement. The universal service obligation transferred to TUSMA on 1 July 2012.

⁴ Other commitments mainly relate to media advertising, contractors and outsourced services for Digital Switchover and advertising and public relations for Restack Program.

This schedule should be read in conjunction with the accompanying notes.

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NOTE 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Broadband, Communications and the Digital Economy

The Department of Broadband, Communications and the Digital Economy (the Department) is a Government controlled entity. It is a not-for-profit entity. The objective of the Department is to develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.

The Department is structured to meet the following outcome:

Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Department's administration and programs.

Department activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Department is responsible for the following programs:

- Broadband and Communications Infrastructure: which facilitates the increased availability of fast, affordable and reliable broadband and communications infrastructure across Australia.
- Digital Economy and Postal Services: which supports all Australians to safely and securely realise the full potential of the digital economy and ensures the availability and reliability to consumers and businesses of reasonably priced basic and essential communications services.
- Broadcasting and Digital Television: which ensures the smooth transition to digital television by the end of 2013, through supporting access to high quality and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations and needs.
-

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- the Finance Minister's Orders for Financial Reporting (FMOs) for reporting periods ending on or after 1 July 2012; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities valued 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department, or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an Australian Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Notes 11 and 22).

Unless alternative treatment is specifically required by an Australian Accounting Standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.18.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do not have a significant impact on the amounts recorded in the financial statements. Estimates made in relation to the departmental financial statements are to: non-financial assets; employee provisions; lease incentives; and the make-good for leased properties.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

In relation to Administered Investments in Australia Post, management estimates are used to determine volume and price growth rates that underpin the discounted cash flow valuation. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods. Information on the sensitivity analysis is located at Note 24F.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new standards, revised standards, interpretations or amending standards that were issued prior to the signing of the Statement by the Chief Executive and Chief Financial Officer and are applicable to the current reporting period have a material financial impact or are expected to have a material future financial impact on the Department.

Future Australian Accounting Standard Requirements

No new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the Statement by the Chief Executive and the Chief Financial Officer and are applicable to future reporting periods are expected to have a material future financial impact on the entity. AASB 13 *Fair Value Measurement* and AASB1055 *Budgetary Reporting* will impose additional disclosure requirements.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor 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. Collectability of debts is reviewed at balance date. Impairment allowances are made when collectability of the debt is no longer probable.

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, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources Received Free of Charge

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

Contributions of assets at no cost of acquisition, or for nominal consideration, are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to note 1.7).

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated that 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 agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Distributions to Owners

The FMOs require that distributions to owners be debited to equity unless they are in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

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 service leave has been determined by using the Department of Finance and Deregulation's Short Hand Method as at 30 June 2013, as outlined in the FMOs. The estimate of the present value of the liability takes into account expected attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

The Department recognises a payable for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation fund as elected by staff.

The CSS and PSS are defined benefit schemes of the Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The Department makes employer contributions to the employees' superannuation scheme 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 fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis representative of the pattern of benefits derived from the leased assets.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1.10 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- Cash on hand;
- Demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- Cash held by outsiders; and
- Cash in special accounts.

1.11 Financial Assets

The Department classifies financial assets as 'cash and cash equivalents', as outlined above, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated cash flows. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.12 Financial Liabilities

The Department's financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities, including borrowings, 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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and Other Payables

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).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient has met all obligations and conditions required in the grant or subsidy agreement.

Parental Leave Payments Scheme

The Department offsets amounts received under Parental Leave Payments Scheme (for payment to employees) by amounts paid to employees under that scheme, because these transactions are only incidental to the main revenue-generating activities of the Department. Amounts received by the Department not yet paid to employees are presented gross as cash and a liability (payable). Amounts attributable to the scheme only appear in the financial statements to the extent that they remain unpaid at year end.

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and 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.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. 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's accounts immediately prior to the restructuring.

1.15 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a related group that is 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 'make-good' provisions in property leases taken up by the Department where an obligation exists 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 'make-good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Land and buildings	Depreciated replacement cost
Property, plant and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less 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 reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income, 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 are written-off 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:

	2013	2012
Land and Buildings		
• Leasehold improvements	Lower of 10 years or lease term	Lower of 10 years or lease term
Property, Plant and Equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2013. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell 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 depreciated 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.

1.16 Intangibles

The Department's intangibles comprise software externally purchased and internally developed software. 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:

	2013	2012
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2013.

1.17 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

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

1.18 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 below, 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.

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 and Deregulation. 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 in the Administered Reconciliation Schedule.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Rental Income is recognised over the term of the Indefeasible Rights of Use granted by the Commonwealth to external parties.

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 'available for sale' and are measured at their fair value as at 30 June 2013. Apart from the Australian Postal Corporation, fair value has been taken to be the net assets of the entities as at the end of the reporting period.

In relation to Administered Investments in Australian Postal Corporation, fair value estimates are based on a discounted cash flow valuation calculated using cashflow forecasts extracted from the Australia Post Corporate Plan 2013/14 – 2016/17. The forecasts are extrapolated for a further three years and a terminal value is applied. The forecasts use management estimates to determine volume and price growth rates. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods.

Guarantees

The amounts guaranteed by the Commonwealth have been disclosed in Note 22 to the extent that they are quantifiable.

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At 30 June 2013, there is no reason to believe that the guarantees would be called upon and the likelihood of future settlement is considered remote, therefore, recognition of a liability is not required. The guarantees are in relation to NBN Co's financial obligations under the Definitive Agreements and are measured as follows:

Telstra Financial Guarantee: the total of committed future payments during the contract term for infrastructure accessed at 30 June 2013, calculated based on current pricing.

NBN Co Equity Agreement: the sum of: total liabilities per NBN Co Limited's Balance Sheet and the discounted value of the minimum contractual commitments entered into at 30 June 2013.

Optus Financial Guarantee: NBN Co's financial obligations under the Hybrid Fibre Coaxial (HFC) Subscriber Agreement for the period of the national broadband rollout in Optus Hybrid Fibre Coaxial areas at 30 June 2013.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Commonwealth enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Subsidy liabilities are recognised to the extent that the subsidy eligibility criteria have been satisfied, but payments due have not been made.

Payments to Commonwealth Authorities and Companies (CAC Act Bodies)

Payments to CAC Act bodies from amounts appropriated for that purpose are classified as administered expenses, loans or an increase to the administered investment of the Department. The Department makes payments to both the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The appropriation to the Department is disclosed in Table A of the appropriations note.

Loans and Receivables

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Property, Plant and Equipment

Depreciation rates applying to property, plant and equipment are based on a useful life of 25-30 years (2012: 25-30 years).

In 2012-13, an independent valuer conducted a revaluation of these assets as at 30 June 2013.

Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

NOTE 2: Events after the Reporting Period

Departmental

There are no events that occurred after reporting date that would materially affect the departmental financial statements.

The Statute Stocktake (Appropriations) Bill repealing all annual Appropriations from 1 July 1999 through 30 June 2010 commenced as an Act upon receiving Royal Assent on 1 July 2013. Note 26 highlights the appropriations that will be repealed.

Administered

There are no events that occurred after reporting date that would materially affect the administered financial statements.

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	56,714	58,751
Superannuation:		
Defined contribution plans	4,578	4,293
Defined benefit plans	6,406	6,727
Leave and other entitlements	6,515	11,223
Separation and redundancies	2,419	2,416
Performance pay	610	856
Other employee expenses	885	1,083
Total employee benefits	78,127	85,349
Note 3B: Suppliers		
Goods and services		
Consultants and contractors	9,916	15,752
Computing and communications	7,639	7,621
Office requisites	1,302	1,652
Property	1,404	1,403
Training and travel	3,385	4,292
Other goods and services	3,926	4,950
Total goods and services	27,572	35,670
Goods and services are made up of:		
Provision of goods - related entities	1,192	319
Provision of goods - external parties	3,513	4,128
Rendering of services - related entities	2,107	2,484
Rendering of services - external parties	20,760	28,739
Total goods and services	27,572	35,670
Other supplier expenses		
Operating lease rentals - external parties:		
Minimum lease payments	6,295	5,415
Contingent rentals	241	617
Workers compensation expenses	831	576
Total other supplier expenses	7,367	6,608
Total supplier expenses	34,939	42,278

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 3: Expenses (continued)		
Note 3C: Grants		
Public sector:		
Local Governments	-	1
Private sector:		
Non-profit organisations	5	91
Commercial entities	-	20
Total grants	5	112
Note 3D: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	1,190	1,069
Land and buildings	2,790	2,107
Total depreciation	3,980	3,176
Amortisation:		
Intangibles: computer software - purchased	230	169
Intangibles: computer software - internally developed	2,884	2,739
Total amortisation	3,114	2,908
Total depreciation and amortisation	7,094	6,084
Note 3E: Finance Costs		
Unwinding of discount	48	84
Total finance costs	48	84
Note 3F: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of financial instruments (receivables)	-	15
Impairment of land and buildings	695	-
Impairment of property, plant and equipment	37	-
Impairment of intangibles	674	-
Total write-down and impairment of assets	1,406	15
Note 3G: Losses from Asset Sales		
Property, plant and equipment:		
Proceeds from sale	(209)	(33)
Carrying value of assets sold	210	59
Land and buildings:		
Proceeds from sale	(219)	-
Carrying value of assets sold	219	-
Intangibles:		
Proceeds from sale	(33)	-
Carrying value of assets sold	33	-
Net losses from asset sales	1	26
Note 3H: Other Expenses		
Other	48	122
Total other expenses	48	122

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 4: Income		
OWN-SOURCE REVENUE		
<u>Note 4A: Sale of Goods and Rendering of Services</u>		
Sale of goods - related entities	8	-
Rendering of services - related entities	2,380	1,111
Rendering of services - external entities	31	-
Total sale of goods and rendering of services	2,419	1,111
<u>Note 4B: Rental Income</u>		
Operating lease:		
Rental revenue	119	-
Total rental income	119	-
<u>Note 4C: Other Revenue</u>		
Freedom of information requests	1	2
Refunds from previous year payments	4	43
Other revenue	3	205
Total other revenue	8	250
GAINS		
<u>Note 4D: Reversals of Previous Asset Write-Downs and Impairments</u>		
Impairment on financial instruments (receivables)	-	9
Total reversals of previous asset write-downs and impairments	-	9
<u>Note 4E: Other Gains</u>		
Resources received free of charge	370	360
Reversal of provisions	-	14
Other	4	6
Total other gains	374	380
REVENUE FROM GOVERNMENT		
<u>Note 4F: Revenue from Government</u>		
Appropriations:		
Departmental appropriations	113,190	127,587
Total revenue from Government	113,190	127,587

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 5: Financial Assets		
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	588	523
Total cash and cash equivalents	588	523
Note 5B: Trade and Other Receivables		
Goods and Services:		
Goods and services - related entities	1,490	331
Goods and services - external parties	7	114
Total receivables for goods and services	1,497	445
Appropriations receivable:		
For existing programs	80,430	77,222
Total appropriations receivable	80,430	77,222
Other receivables:		
GST receivable from the Australian Taxation Office	963	1,260
Other:		
- employees	8	12
- related entities ¹	-	43
- external parties ²	-	101
Total other receivables	971	1,416
Total trade and other receivables (gross)	82,898	79,083
Receivables are aged as follows:		
Not overdue	82,076	78,672
Overdue by:		
0 to 30 days	753	264
31 to 60 days	61	26
More than 90 days	8	121
Total receivables (gross)	82,898	79,083

¹ Receivables from related entities relate to the transfer of employee provisions.

² Receivables from external parties relate to the recovery of superannuation contributions.

The Department has not allocated an amount to an impairment allowance in 2013 (2012: nil).

All receivables are expected to be recovered in no more than 12 months.

Credit terms for goods and services were within 30 days (2012: 30 days).

Department of Broadband, Communications and the Digital Economy
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NOTE 5: Financial Assets (continued)

Note 5B: Trade and Other Receivables (continued)

Reconciliation of the Impairment Allowance Account:

There were no movements in the impairment allowance account in 2013.

Movements in relation to 2012	Other receivables \$'000	Total \$'000
Opening balance	17	17
Amounts written off	(8)	(8)
Decrease recognised in net cost of services	(9)	(9)
Closing balance	-	-

	2013 \$'000	2012 \$'000
Note 5C: Other Financial Assets		
Accrued revenue - goods and services	16	-
Total accrued revenue	16	-

All accrued revenues are expected to be recovered in no more than 12 months.

Department of Broadband, Communications and the Digital Economy
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	2013	2012
	\$'000	\$'000

NOTE 6: Non-Financial Assets

Note 6A: Land and Buildings

Leasehold improvements:

Fair value	8,484	9,769
Accumulated depreciation	(2,548)	(175)
Work in progress	333	219
Total land and buildings	6,269	9,813

As at 30 June 2013, several items of fit out were found to be impaired and subsequently written down. The net book value of these assets was \$695,000.

Revaluations of land and buildings

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. An independent valuer conducted the revaluations as at 30 June 2013.

Revaluation increments of \$168,000 for leasehold improvements (2012: \$414,000) were credited to the asset revaluation reserve and included in the equity section of the Balance Sheet; no decrements were expensed (2012: nil).

Assets purchased during 2012-13 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the year. The net book value of these assets as at 30 June 2013 was \$739,000.

	2013	2012
	\$'000	\$'000

Note 6B: Property, Plant and Equipment

Property, plant and equipment:

Fair value	6,121	2,850
Accumulated depreciation	(1,543)	(211)
Work in progress	744	2,248
Total property, plant and equipment	5,322	4,887

As at 30 June 2013, several items of property, plant and equipment were found to be impaired and subsequently written down. The net book value of these assets was \$37,000.

Revaluations of property, plant and equipment

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. An independent valuer conducted the revaluations as at 30 June 2013.

No revaluation increments (2012: \$75,000) were credited to the asset revaluation surplus by asset class and included in the equity section of the Balance Sheet; no decrements were expensed (2012: nil).

Assets purchased during 2012-13 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the year. The net book value of these assets as at 30 June 2013 was \$1,069,000.

NOTE 6: Non-Financial Assets (continued)

Note 6C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2012-13)

	Land and buildings \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2012			
Gross book value	9,988	5,098	15,086
Accumulated depreciation and impairment	(175)	(211)	(386)
Net book value 1 July 2012	9,813	4,887	14,700
Additions:			
By purchase	808	1,097	1,905
Revaluations and impairments recognised in other comprehensive income	168	-	168
Impairments recognised in the operating result	(695)	(37)	(732)
Reclassifications	(816)	775	(41)
Depreciation expense	(2,790)	(1,190)	(3,980)
Disposals	(219)	(210)	(429)
Net book value 30 June 2013	6,269	5,322	11,591
Net book value as of 30 June 2013 represented by:			
Gross book value	8,817	6,865	15,682
Accumulated depreciation and impairment	(2,548)	(1,543)	(4,091)
	6,269	5,322	11,591

Note 6C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2011-12)

	Land and buildings \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2011			
Gross book value	9,335	3,954	13,289
Accumulated depreciation and impairment	(1)	(76)	(77)
Net book value 1 July 2011	9,334	3,878	13,212
Additions:			
By purchase	1,193	3,120	4,313
Revaluations and impairments recognised in other comprehensive income	414	75	489
Reclassifications	979	(1,058)	(79)
Depreciation expense	(2,107)	(1,069)	(3,176)
Disposals	-	(59)	(59)
Net book value 30 June 2012	9,813	4,887	14,700
Net book value as of 30 June 2012 represented by:			
Gross book value	9,988	5,098	15,086
Accumulated depreciation and impairment	(175)	(211)	(386)
	9,813	4,887	14,700

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 6: Non-Financial Assets (continued)		
Note 6D: Intangibles		
Computer software:		
Purchased	2,388	2,334
Internally developed - in progress	5,025	3,218
Internally developed - in use	9,440	9,652
Accumulated amortisation	<u>(7,805)</u>	<u>(6,216)</u>
Total intangibles	<u>9,048</u>	<u>8,988</u>

As at 30 June 2013, several intangible assets were found to be impaired and subsequently written down. The net book value of these assets as at 30 June 2013 was \$674,000.

NOTE 6: Non-Financial Assets (continued)

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2012-13)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2012			
Gross book value	12,870	2,334	15,204
Accumulated amortisation and impairment	(4,313)	(1,903)	(6,216)
Net book value 1 July 2012	8,557	431	8,988
Additions:			
By purchase or internally developed	3,828	12	3,840
Impairments recognised in the operating result	(632)	(42)	(674)
Reclassifications	(153)	194	41
Amortisation	(2,884)	(230)	(3,114)
Disposals	(33)	-	(33)
Net book value 30 June 2013	8,683	365	9,048
Net book value as of 30 June 2013 represented by:			
Gross book value	14,465	2,388	16,853
Accumulated amortisation and impairment	(5,782)	(2,023)	(7,805)
	8,683	365	9,048

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2011-12)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2011			
Gross book value	9,291	2,247	11,538
Accumulated amortisation and impairment	(1,573)	(1,734)	(3,307)
Net book value 1 July 2011	7,718	513	8,231
Additions:			
By purchase or internally developed	3,499	87	3,586
Reclassifications	79	-	79
Amortisation	(2,739)	(169)	(2,908)
Net book value 30 June 2012	8,557	431	8,988
Net book value as of 30 June 2012 represented by:			
Gross book value	12,870	2,334	15,204
Accumulated amortisation and impairment	(4,313)	(1,903)	(6,216)
	8,557	431	8,988

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2013	2012
	\$'000	\$'000
NOTE 6: Non-Financial Assets (continued)		
Note 6F: Other Non-Financial Assets		
Prepayments	1,389	1,234
Lease incentive asset	-	216
Total other non-financial assets	1,389	1,450

No indicators of impairment were found for other non-financial assets.

All other non-financial assets are expected to be recovered in no more than 12 months.

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 7: Payables		
Note 7A: Suppliers		
Trade creditors and accruals	7,468	6,992
Operating lease rentals	362	115
Total supplier payables	7,830	7,107
Supplier payables expected to be settled within 12 months:		
Related entities	233	283
External parties	7,246	6,816
Total	7,479	7,099
Supplier payables expected to be settled in greater than 12 months:		
External parties	351	8
Total	351	8
Total supplier payables	7,830	7,107

Settlement is usually made within 30 days.

Note 7B: Grants

Private sector:

Non-profit organisations	-	50
Total grants	-	50

Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

All grants payable are expected to be settled in no more than 12 months.

Note 7C: Lease Incentives

Lease incentives	98	319
Total lease incentives	98	319

Total lease incentives are expected to be settled in:

No more than 12 months	4	315
More than 12 months	94	4
Total lease incentives	98	319

Note 7D: Other Payables

Wages and salaries	1,661	1,718
Superannuation	290	301
Separations and redundancies	2,495	2,246
Payables - related entities ¹	101	172
Revenue received in advance	413	-
Other payables	209	182
Total other payables	5,169	4,619

All Other Payables are expected to be settled in no more than 12 months.

¹ Payables from related entities relate to the transfer of employee provisions.

Department of Broadband, Communications and the Digital Economy
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	2013 \$'000	2012 \$'000
NOTE 8: Provisions		
Note 8A: Employee Provisions		
Leave	23,630	23,963
Total employee provisions	23,630	23,963
Employee provisions are expected to be settled in:		
No more than 12 months	7,329	7,774
More than 12 months	16,301	16,189
Total employee provisions	23,630	23,963
Note 8B: Other Provisions		
Provision for make-good ¹	1,946	1,976
Other provisions ²	2,286	2,286
Total other provisions	4,232	4,262
Other provisions are expected to be settled in:		
No more than 12 months	3,020	2,586
More than 12 months	1,212	1,676
Total other provisions	4,232	4,262

	Other Provisions \$'000	Provision for make-good \$'000	Total \$'000
Carrying amount 1 July 2012	2,286	1,976	4,262
Unwinding of discount or change in discount rate	-	(30)	(30)
Closing balance 2013	2,286	1,946	4,232

¹ The Department currently has six (2012: six) agreements for the leasing of premises that 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 this obligation.

² Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program in 2008-09, the Department has made provision towards costs incurred by OPEL in producing its implementation plan.

NOTE 9: Restructuring

Note 9A: Departmental Restructuring

	Indigenous Broadcasting Program, Department of the Prime Minister and Cabinet ¹	
	2013 \$'000	2012 \$'000
FUNCTIONS ASSUMED		
Liabilities recognised		
Payables - other	-	158
Total liabilities recognised	-	158
Net assets/(liabilities) assumed²	-	(158)
Income		
Recognised by the receiving entity	-	699
Total income	-	699
Expenses		
Recognised by the receiving entity	-	643
Total expenses	-	643

¹ The Department assumed responsibility for the Indigenous Broadcasting Program from the Department of the Prime Minister and Cabinet following a restructuring of administrative arrangements, effective 1 July 2011.

² In respect of functions assumed, the net book values of assets and liabilities were transferred to the Department for no consideration and there were no revenues and expenses recognised by the losing entity.

Note 9B: Administered Restructuring

	Indigenous Broadcasting Program, Department of the Prime Minister and Cabinet ¹	
	2013 \$'000	2012 \$'000
FUNCTIONS ASSUMED		
Assets recognised		
Receivables - grants	-	12
Total assets recognised	-	12
Net assets/(liabilities) assumed²	-	12
Income		
Recognised by the receiving entity	-	78
Total income	-	78
Expenses		
Recognised by the receiving entity	-	15,025
Total expenses	-	15,025

¹ The Department assumed responsibility for the Indigenous Broadcasting Program from the Department of the Prime Minister and Cabinet following a restructuring of administrative arrangements, effective 1 July 2011.

² In respect of functions assumed, the net book values of assets and liabilities were transferred to the entity for no consideration. There were no revenues and expenses recognised by the losing entity.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 10: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	588	523
Balance Sheet	588	523
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(118,748)	(132,320)
Add revenue from Government	113,190	127,587
Adjustments for non-cash items		
Depreciation / amortisation	7,094	6,084
Net write-down of non-financial assets	1,406	-
Adjustment for changes in accounting estimates	78	(339)
Loss on disposal of assets	1	26
Restructuring	-	(158)
Changes in assets / liabilities		
Increase in net receivables	(3,815)	(3,964)
Increase in accrued revenue	(16)	-
Decrease in other non-financial assets	61	5
Increase / (decrease) in supplier payables	723	(3,089)
(Decrease) / increase in grant payables	(50)	30
Decrease in lease incentives	(221)	(283)
Increase in other payables	550	2,097
(Decrease) / increase in employee provisions	(333)	5,546
(Decrease) / increase in other provisions	(30)	374
Net cash (used by) from operating activities	<u>(110)</u>	<u>1,596</u>

NOTE 11: Contingent Assets and Liabilities

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2013 (2012: nil).

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2013 (2012: nil).

Significant Remote Contingencies

Operating Leases and Car Parking Licences

The Commonwealth indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Commonwealth also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2013, no claims have been made.

National Broadband Network Panel of Experts and Strategic Adviser

The Commonwealth provided indemnities to the non-Commonwealth members of the National Broadband Network (NBN) Panel of Experts and the Strategic Adviser to the NBN Request for Proposal process (RFP), to protect them against civil claims that may arise in the course of performing their duties. The NBN RFP process was terminated on 7 April 2009 and the work of the panel and the Strategic Adviser has concluded. As at 30 June 2013, no claims have been made.

Westpac Banking Corporation

The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. In June 2010, the Department entered into a new banking contract with Westpac that provided for an indemnity capped at \$50 million per occurrence. The previous contract provided for an indemnity capped at \$25 million per occurrence. As at 30 June 2013, no claims have been made.

	2013 \$	2012 \$
NOTE 12: Senior Executive Remuneration		
Note 12A: Senior Executive Remuneration Expense for the Reporting Period¹		
Short-term employee benefits:		
Salary	5,600,898	6,006,461
Annual leave accrued	522,079	592,441
Performance bonuses ²	-	210,607
Other ³	792,684	1,051,633
Total short-term employee benefits	6,915,661	7,861,142
Post-employment benefits:		
Superannuation	1,118,758	1,258,285
Total post-employment benefits	1,118,758	1,258,285
Other long-term benefits:		
Long-service leave	415,761	359,341
Total other long-term benefits	415,761	359,341
Termination benefits	-	145,098
Total employment benefits	8,450,180	9,623,866

¹ Excludes acting arrangements and part-year service where remuneration expensed was less than \$180,000.

² Prepared on an accrual basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 12B).

³ Includes motor vehicle, other allowances and reportable fringe benefits.

Department of Broadband, Communications and the Digital Economy
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NOTE 12: Senior Executive Remuneration (continued)

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

Average annual reportable remuneration ¹	2013				2012				
	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Total \$
Total remuneration (including part-time arrangements):									
Less than \$180,000	14	80,846	12,678	-	8	82,898	14,722	3,239	102,107
\$180,000 to \$209,999	6	174,050	28,470	-	12	162,652	26,808	3,655	197,793
\$210,000 to \$239,999	14	190,788	32,189	-	11	176,013	28,739	5,981	218,289
\$240,000 to \$269,999	5	218,368	40,464	-	7	198,262	43,025	3,418	252,131
\$330,000 to \$359,999	3	288,443	50,434	-	1	238,669	51,896	-	299,950
\$450,000 to \$479,999	1	406,657	55,076	-	3	274,390	52,262	-	326,652
Total	43				43				553,616
Average annual reportable remuneration¹									
Total remuneration (including part-time arrangements):									
Less than \$180,000	8	82,898	14,722	3,239	8	82,898	14,722	3,239	102,107
\$180,000 to \$209,999	12	162,652	26,808	3,655	12	162,652	26,808	3,655	197,793
\$210,000 to \$239,999	11	176,013	28,739	5,981	11	176,013	28,739	5,981	218,289
\$240,000 to \$269,999	7	198,262	43,025	3,418	7	198,262	43,025	3,418	252,131
\$270,000 to \$299,999	1	238,669	51,896	-	1	238,669	51,896	-	299,950
\$300,000 to \$329,999	3	274,390	52,262	-	3	274,390	52,262	-	326,652
\$540,000 to \$569,999	1	464,481	89,135	-	1	464,481	89,135	-	553,616
Total	43				43				553,616

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 12: Senior Executive Remuneration (continued)

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period (continued)

Notes:

- ¹ This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- ² 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
 - c) exempt foreign employment income; and
 - d) salary sacrificed benefits.
- ³ The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- ⁴ Reportable allowances⁴ are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- ⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Note 12C: Other Highly Paid Staff

Average annual reportable remuneration ¹	2013				2012					
	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Reportable allowances ⁴ \$	Total Bonus paid ⁵ \$	Total \$
Total remuneration (including part-time arrangements):										
\$180,000 to \$209,999	4	155,429	26,801	-					3,593	185,823
Total	4									
Average annual reportable remuneration ¹										
Total remuneration (including part-time arrangements):										
\$180,000 to \$209,999	1	154,253	22,871	-					5,500	182,624
\$300,000 to \$329,999	1	171,123	130,262	-					4,479	305,864
Total	2									

NOTE 12: Senior Executive Remuneration (continued)

Note 12C: Other Highly Paid Staff (continued)

Notes:

¹ This table reports staff:

- a) who were employed by the entity during the reporting period;
 - b) whose reportable remuneration was \$180,000 or more for the financial period; and
 - c) were not required to be disclosed in Table B or director disclosures.
- Each row is an averaged figure based on headcount for individuals in the band.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
- c) exempt foreign employment income; and
- d) salary sacrificed benefits.

³ The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
NOTE 13: Remuneration of Auditors		
Financial statement audit services were provided free of charge to the Department by the Australian National Audit Office (ANAO).		
Fair value of the services provided:		
Financial statement audit services	<u>370</u>	<u>360</u>
Total	<u>370</u>	<u>360</u>

No other services were provided by the auditors of the financial statements.

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the period ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 14: Financial Instruments		
Note 14A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	588	523
Receivables - good and services	1,497	445
Receivables - employees (net)	8	12
Receivables - related entities ¹	-	43
Receivables - external parties ²	-	101
Carrying amount of financial assets	2,093	1,124
Financial Liabilities		
At amortised cost:		
Payables - goods and services	7,468	6,992
Payables - grants	-	50
Payables - related entities ¹	101	172
Payables - others	72	115
Carrying amount of financial liabilities	7,641	7,329
¹ Receivables and payables from/to related entities relate to the transfer of employee provisions.		
² Receivables from external parties relate to the recovery of superannuation contributions.		
Note 14B: Net Income and Expense from Financial Assets		
Loans and receivables:		
Impairment	-	15
Net loss from financial assets	-	(15)
Note 14C: Fair Value of Financial Instruments		

The carrying values of financial instruments presented in the Department's Balance Sheet approximate their fair value.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2013

NOTE 14: Financial Instruments (continued)

Note 14D: Credit Risk

The Department is not exposed to a high level of credit risk as the majority of financial assets are cash and receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of trade debtors and other receivables, net of impairment losses, represents the Department's maximum exposure to credit risk as \$1,505,000 (2012: \$601,000). The Department has assessed the risk of the default on payment and has not allocated an amount to an impairment allowance in 2013 (2012: \$nil).

The Department manages its credit risk by undertaking background and credit checks prior to entering a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery activities.

The Department holds no collateral to mitigate against credit risk.

Included in the Department's receivables balance are debtors with a carrying amount of \$822,000 (2012: \$411,000) that are past due at the reporting date and for which the Department has not provided. Based on experience, the Department considers that the amounts are still recoverable.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2013 \$'000	Not Past Due Nor Impaired 2012 \$'000	Past Due or Impaired 2013 \$'000	Past Due or Impaired 2012 \$'000
Loans and receivables				
Cash and cash equivalents	588	523	-	-
Receivables - good and services	683	41	814	404
Receivables - employees	-	5	8	7
Receivables - related entities ¹	-	43	-	-
Receivables - external parties ²	-	101	-	-
Total	1,271	713	822	411

Ageing of financial assets that are past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - good and services	-	753	61	-	814
Receivables - employees	-	-	-	8	8
Total	-	753	61	8	822

Ageing of financial assets that were past due but not impaired for 2012

Loans and receivables					
Receivables - good and services	264	26	-	114	404
Receivables - employees	-	-	-	7	7
Total	264	26	-	121	411

¹ Receivables from related entities relate to the transfer of employee provisions.

² Receivables from external parties relate to the recovery of superannuation contributions.

NOTE 14: Financial Instruments (continued)

Note 14E: Liquidity Risk

The Department's financial liabilities consist of payables. The exposure to liquidity risk is based on the notion that the Department may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms. The Department is appropriated funding by the Parliament and manages its budgeted funds to ensure 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 experience of default.

All financial liabilities are payable within one year.

The Department has no derivative financial liabilities in both the current and prior year.

Note 14F: Market Risk

The Department holds basic financial instruments that do not expose it to certain market risks.

The Department is not exposed to 'currency risk' or 'other price risk'.

The Department does not have any interest-bearing items on the Balance Sheet. Therefore, the Department is not exposed to 'interest rate risk'.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
NOTE 15: Financial Assets Reconciliation			
<u>Financial assets</u>			
Total financial assets per balance sheet		83,502	79,606
Less: non-financial instrument components			
Appropriations receivable	5B	80,430	77,222
GST receivable	5B	963	1,260
Accrued Revenue	5C	16	-
Total non-financial instrument components		81,409	78,482
Total financial assets as per financial instruments note	14	2,093	1,124

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 16: Administered - Expenses		
Note 16A: Suppliers		
Goods and services		
Advertising and marketing	38,759	35,581
Computing and communications	86	228
Consultants and contractors	56,598	19,574
Office requisites	251	70
Other goods and services	901	2,271
Property	3,315	1,949
Total goods and services	99,910	59,673
Goods and services are made up of:		
Rendering of services - related entities	1,489	-
Rendering of services - external parties	98,421	59,673
Total goods and services	99,910	59,673
Total suppliers	99,910	59,673
Note 16B: Subsidies		
Payable to external parties:		
Regional Telecommunications Review Response	2,257	2,494
Digital Switchover Television	45,000	17,387
Total subsidies	47,257	19,881
Note 16C: Grants		
Public sector:		
Australian Government entities (related entities)	69,722	1,717
State and Territory Governments	446	1,033
Local Governments	10,052	10,835
Private sector:		
Non-profit organisations	55,491	56,627
Commercial entities	54,785	479,512
Total grants	190,496	549,724
Note 16D: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	10,354	5,967
Total depreciation	10,354	5,967
Amortisation:		
Assets held under finance leases	128	128
Total amortisation	128	128
Total depreciation and amortisation	10,482	6,095
Note 16E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment on financial instruments (receivables)	-	25
Total write-down and impairment of assets	-	25

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 16: Administered - Expenses (continued)		
Note 16F: Payments to CAC Act Bodies		
Payments to Australian Broadcasting Corporation	1,025,200	995,903
Payments to Special Broadcasting Service Corporation	248,476	223,011
Total payments to CAC Act Bodies	1,273,676	1,218,914
Note 16G: Other Expenses		
International membership fees	5,471	5,399
Total other expenses	5,471	5,399
NOTE 17: Administered - Income		
OWN-SOURCE REVENUE		
Non-Taxation Revenue		
Note 17A: Interest		
Loans	248	782
Total interest	248	782
Note 17B: Dividends		
Australia Post dividends	243,700	193,900
Total dividends	243,700	193,900
Note 17C: Rental Income		
Operating lease	1,529	804
Total rental income	1,529	804
Note 17D: Other Revenue		
Grant refunds	224	78
Subsidy refunds	3	8
Other revenue	40	5
Total other revenue	267	91
Note 17E: Reversals of Previous Asset Write-Downs and Impairments		
Impairment on financial instruments (receivables)	3	-
Total reversals of previous asset write-downs and impairments	3	-

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Notes	2013 \$'000	2012 \$'000
NOTE 18: Administered - Financial Assets			
FINANCIAL ASSETS			
Note 18A: Receivables			
Advances and loans:			
Loans to CAC Act bodies ¹	1.18	3,010	6,020
Total advances and loans		3,010	6,020
Other receivables:			
GST receivable from the Australian Taxation Office		9,396	16,631
Other		69	439
Total other receivables		9,465	17,070
Total receivables (gross)		12,475	23,090
Less impairment allowance account:			
Other receivables		22	25
Total receivables (net)		12,453	23,065
Receivables are expected to be recovered in:			
No more than 12 months		12,453	20,065
More than 12 months		-	3,000
Total receivables (net)		12,453	23,065
Receivables were aged as follows:			
Not overdue		12,440	23,055
Overdue by:			
0 to 30 days		-	8
61 to 90 days		3	1
More than 90 days		32	26
Total receivables (gross)		12,475	23,090
The impairment allowance account is aged as follows:			
More than 90 days		22	25
Total impairment allowance account		22	25

¹ Loans to CAC Act bodies were made under financial assistance legislation for periods up to 12 years. No security is required. Interest rates are fixed. Principal and interest are repaid annually in arrears. Effective interest rates average 4.3% (2012: 4.3%).

Department of Broadband, Communications and the Digital Economy
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NOTE 18: Administered - Financial Assets (continued)

Reconciliation of the Impairment Allowance Account:

	Other receivables \$'000	Total \$'000
Movements in relation to 2013		
Opening balance	25	25
Decrease recognised in net cost of services	(3)	(3)
Closing balance	22	22
Movements in relation to 2012		
Opening balance	383	383
Amounts written off	(383)	(383)
Increase recognised in net cost of services	25	25
Closing balance	25	25

	Notes	2013 \$'000	2012 \$'000
Note 18B: Other Investments			
Commonwealth authorities:			
Australian Broadcasting Corporation ¹	23A	1,013,800	988,566
Australian Postal Corporation ²	23B	2,192,000	3,709,800
Special Broadcasting Service Corporation ¹	23C	187,190	183,778
		<u>3,392,990</u>	<u>4,882,144</u>
Commonwealth companies:			
NBN Co Limited ¹	23D	3,417,657	1,924,325
		<u>3,417,657</u>	<u>1,924,325</u>
Total other investments		<u>6,810,647</u>	<u>6,806,469</u>

¹ Administered investment valuations are based on the audited net asset balance.

² Administered investment valuation is based on the discounted cash flow valuation.

NOTE 19: Administered - Non-Financial Assets

Note 19A: Property, Plant and Equipment

Property, plant and equipment:

Fair value	192,653	263,831
Accumulated depreciation	(10,760)	(2,880)
Total property, plant and equipment	<u>181,893</u>	<u>260,951</u>

As part of the Government's commitment to deliver a National Broadband Network that will provide fast, reliable and affordable broadband to Australian homes and workplaces, it has invested \$250 million through the Regional Backbone Blackspots program in regional Australia.

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.18. An independent valuer conducted the revaluations as at 30 June 2013 and there was no movement.

No revaluation increments (2012: \$11,689,000) were credited to the asset revaluation surplus in other comprehensive income.

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

NOTE 19: Administered - Non-Financial Assets (continued)

Note 19B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2012-13)

	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2012		
Gross book value	263,831	263,831
Accumulated depreciation/amortisation and impairment	(2,880)	(2,880)
Net book value 1 July 2012	260,951	260,951
Depreciation/amortisation expense	(10,482)	(10,482)
Other Movements ¹	(68,576)	(68,576)
Net book value 30 June 2013	181,893	250,469

Net book value as of 30 June 2013 represented by:

Gross book value	192,653	192,653
Accumulated depreciation/amortisation and impairment	(10,760)	(10,760)
	<u>181,893</u>	<u>181,893</u>

¹ Other movements in Property, Plant and Equipment relates to the indefeasible rights of use (IRUs) issued by the Commonwealth in relation to the network infrastructure assets to the NBN Co. The assets have been independently valued as at 30 June 2013.

Note 19B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2011-12)

	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2011		
Gross book value	218,104	218,104
Accumulated depreciation/amortisation and impairment	(653)	(653)
Net book value 1 July 2011	217,451	217,451
Additions:		
By purchase	37,906	37,906
Revaluations recognised in other comprehensive income	11,689	11,689
Depreciation/amortisation expense	(6,095)	(6,095)
Net book value 30 June 2012	260,951	260,951

Net book value as of 30 June 2012 represented by:

Gross book value	263,831	263,831
Accumulated depreciation/amortisation and impairment	(2,880)	(2,880)
	<u>260,951</u>	<u>260,951</u>

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000

NOTE 19: Administered - Non-Financial Assets (continued)

Note 19C: Inventories

Inventories held for distribution	170	2,632
Total inventories	170	2,632

Total inventories are expected to be distributed in:

No more than 12 months	170	2,632
Total inventories	170	2,632

During 2012-13, \$2,564,590 of inventory held for distribution was recognised as an expense (2011-12: \$3,014,000).

No items of inventory were recognised at fair value less cost to sell.

Note 19D: Other Non-Financial Assets

Lease prepayments ¹	11,086	14,400
Supplier prepayments	461	-
Other prepayments	2,191	2,368
Total other non-financial assets	13,738	16,768

Other non-financial assets are expected to be recovered in:

No more than 12 months	5,966	5,682
More than 12 months	7,772	11,086
Total other non-financial assets	13,738	16,768

¹ Lease prepayments relate to the operation and maintenance obligation relating to infrastructure assets. The contractor is required to operate and maintain Commonwealth assets for a period of five (5) years at no cost to the Commonwealth. The lease incentive is recognised as a lease prepayment and lease income received in advance.

NOTE 20: Administered - Payables

Note 20A: Suppliers

Trade creditors and accruals	32,599	17,827
Total suppliers	32,599	17,827

All suppliers payables are attributable to external parties and are expected to be settled in no more than 12 months. Settlement is usually made within 30 days.

Note 20B: Subsidies

Payable to external entities	23,844	4,734
Total subsidies	23,844	4,734

All subsidies payable are expected to be settled in no more than 12 months.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	\$'000	\$'000
NOTE 20: Administered - Payables (continued)		
Note 20C: Grants		
Public sector:		
Australian Government entities (related entities)	330	-
State and Territory Governments	-	85
Local Governments	998	120
Private sector:		
Non-profit organisations	566	116
Commercial entities	14,767	9,819
Total grants	16,661	10,140
All grants payables are expected to be settled in no more than 12 months. Settlement is usually made according to the terms and conditions of each grant within 30 days of performance or eligibility.		
Note 20D: Administered GST Payable		
GST Payable to the Official Public Account	6,014	16,980
Total administered GST payable	6,014	16,980
Administered GST payable is expected to be settled in no more than 12 months.		
Note 20E: Other Payables		
Lease income received in advance ¹	20,521	22,050
Total other payables	20,521	22,050
Total other payables are expected to be settled in:		
No more than 12 months	1,529	1,529
More than 12 months	18,992	20,521
Total other payables	20,521	22,050

¹ Lease income received in advance relates to the indefeasible rights of use (IRUs) issued by the Commonwealth in relation to the network infrastructure assets. As part of the arrangement for the construction of assets and the issue of IRUs, the Commonwealth has provided a lease incentive to the contractor in the form of a reduction of lease payments that would otherwise be payable to the Commonwealth for the IRUs. The lease incentive is recognised as a lease prepayment and lease income received in advance.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 21: Administered - Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(1,381,545)	(1,664,134)
Adjustments for non-cash items		
Depreciation / amortisation	10,482	6,095
Transfer of assets	68,576	
Restructuring	-	42
Changes in assets / liabilities		
Decrease / (increase) in receivables	7,611	(10,996)
Decrease in inventories	2,462	3,013
Decrease / (increase) in other non-financial assets	3,030	(11,219)
Increase in supplier payables	14,772	97
Increase / (decrease) in subsidies payables	19,110	(3,819)
Increase in grants payables	6,521	4,003
(Decrease) / increase in other payables	(1,529)	21,941
Net cash used by operating activities	(1,250,510)	(1,654,977)

NOTE 22: Administered - Contingent Assets and Liabilities

Quantifiable Contingencies

As at 30 June 2013, the Commonwealth did not have any quantifiable contingencies (2012: nil).

Unquantifiable Contingencies

Networking the Nation

As at 30 June 2013, the Commonwealth is party to legal action brought against it in relation to a possible breach of agreement under the Networking the Nation program. It is not practicable to make an estimate of the outcome of the action at this stage.

NBN Co Limited Board Members Insolvency Indemnity

The Commonwealth has provided each Director of NBN Co with an indemnity against liability as a result of the Commonwealth failing to meet its funding obligations to NBN Co. The liabilities covered by this indemnity would be the same as those covered by the NBN Co Equity Agreement, with the exception of any legal expenses incurred by individual Directors arising from this indemnity. The Directors who were on the board on or before 20 June 2010 are also indemnified in relation to claims arising out of their involvement in the negotiation and entry by NBN Co into the Financial Heads of Agreement with Telstra.

Customer Migration Costs

The Commonwealth has agreed to pay Telstra certain customer migration costs associated with the transition of copper based public interest services to the national broadband network in circumstances where these costs are otherwise unable to be recovered. This agreement is given on the basis that all parties work together in good faith in order to minimise any or all such costs. As at 30 June 2013, the conditions precedent for the commencement of the Migration Plan have not been satisfied and, therefore, no costs were paid or payable under this agreement.

Significant Remote Contingencies

NBN Co Limited Interim Board Members Indemnity

The Commonwealth indemnified the Interim Directors of NBN Co Limited against any liability in respect of claims or legal costs and expenses in defending claims or undertaking proceedings, which may have arisen during their capacity as directors of the company. The removal of Interim Directors occurred on 6 August 2009. As at 30 June 2013, no claims have been made.

Termination of the Funding Agreement with OPEL

Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program, the Commonwealth made provision towards costs incurred by OPEL in producing its Implementation Plan. OPEL was wound up on 13 March 2009. The liquidators of OPEL have indicated that they consider the Commonwealth to have a liability with regard to the termination of the funding agreement. As at 30 June 2013, no legal proceedings have been filed.

Telstra Financial Guarantee

The Commonwealth has provided a guarantee to Telstra in respect of NBN Co's financial obligations to Telstra under the Definitive Agreements. The Definitive Agreements are long term contracts and, in the case of the infrastructure component, involve terms of at least 35 years. The liabilities under the Definitive Agreements arise progressively during the roll out of the network as infrastructure is accessed and subscribers to Telstra's existing network are disconnected. As at 30 June 2013, NBN Co has generated liabilities covered by the Guarantee estimated at \$1.3 billion. The Guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is fully capitalised; or
- the Communications Minister declares, under the *National Broadband Network Companies Act 2011*, that, in his or her opinion, the national broadband network should be treated as built and fully operational.

Optus Financial Guarantee

The Commonwealth has provided a guarantee to Optus of NBN Co's financial obligations to Optus under the NBN Co-Optus Agreement. That Agreement extends for the period of the national broadband network roll out in Optus Hybrid Fibre Coaxial areas. As at 30 June 2013, NBN Co had generated liabilities covered by the Optus Agreement estimated at \$0.2 billion. The Guarantee will terminate in 2021.

NBN Co Equity Agreement

The Commonwealth has entered into an Equity Funding Agreement with NBN Co. The Agreement formalises the Commonwealth's intention to provide equity to fund the roll out of the national broadband network, with such funding being conditional on the annual appropriation processes. In addition, it commits the Commonwealth in the event of a termination of the national broadband network roll out to provide sufficient funds to NBN Co to meet its direct costs arising from that termination. The NBN Co Equity Agreement terminates in 2021. As at 30 June 2013, NBN Co's termination liabilities were estimated at \$4.3 billion. This estimate includes amounts specified in relation to the Telstra Financial Guarantee set out above.

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

NOTE 23: Administered - Investments

Ownership %	Notes	Principal Activity
2013	2012	
100	100	A Australian Broadcasting Corporation and controlled entities - National broadcaster contributing to and reflecting Australia's national identity, fostering creativity and the arts and encouraging cultural diversity. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	100	B Australian Postal Corporation - Provides a high-quality mail delivery service to all Australians and a range of parcel and ancillary services. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	100	C Special Broadcasting Service Corporation and controlled entity - National Broadcasters providing multicultural and multilingual services that inform, educate and entertain all Australians. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	100	D NBN Co Limited - To plan, roll out and operate the National Broadband Network, providing access to high speed broadband to all Australians. A body corporate established under the <i>Australian Commonwealth Authorities and Companies Act 1997</i> .

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
NOTE 24: Administered - Financial Instruments		
Note 24A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Receivables - loans to CAC Act bodies	3,010	6,020
Receivables - other (net)	47	414
Total	3,057	6,434
Available for sale:		
Investment in Australian Broadcasting Corporation ¹	1,013,800	988,566
Investment in Special Broadcasting Service Corporation ¹	187,190	183,778
Investment in NBN Co Limited ¹	3,417,657	1,924,325
Investment in Australian Postal Corporation ²	2,192,000	3,709,800
Total	6,810,647	6,806,469
Carrying amount of financial assets	6,813,704	6,812,903
Financial Liabilities		
At amortised cost:		
Payables - suppliers	32,599	17,827
Payables - grants	16,661	10,140
Payables - subsidies	23,844	4,734
Carrying amount of financial liabilities	73,104	32,701
¹ Administered investment valuations are based on the audited net asset balance.		
² Administered investment valuation is based on the discounted cash flow valuation.		
Note 24B: Net Income and Expense from Financial Assets		
Loans and receivables		
Interest revenue	248	782
Impairment	3	(25)
Net gain from loans and receivables	251	757
Available for sale		
Australia Post dividend	243,700	193,900
(Loss)/Gain recognised in equity	(2,403,173)	455,922
Net gain from available for sale	(2,159,473)	649,822
Net gain from financial assets	(2,159,222)	650,579

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 24: Administered - Financial Instruments (continued)

Note 24C: Fair Value of Financial Instruments

	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2012 \$'000	Fair value 2012 \$'000
Financial Assets				
Loans and receivables				
Receivables - loans to CAC Act bodies ¹	3,010	3,046	6,020	6,162

¹ Future loan repayments under the loan agreement have been discounted using the current five year Treasury Bond rate as at 30 June 2013 of 2.96% (2012: 2.58%).

The carrying values of financial instruments presented in the Administered Schedule of Assets and Liabilities approximate their fair value, other than the fair value amounts presented in the table above.

Fair value measurements categorised by fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value, by valuation method. The different levels are defined as follows:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments, there are no level 1 fair value financial assets as at 30 June 2013 (2012: nil)

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly; and

Level 3: Fair value derived from inputs that are not based on observable market data.

Fair value hierarchy for financial assets	Level 2		Level 3		Total	
	2013	2012	2013	2012	2013	2012
Financial assets at fair value						
Loans and receivables	3,046	6,162	-	-	3,046	6,162
Available for sale	-	-	6,810,647	6,806,469	6,810,647	6,806,469
Total	3,046	6,162	6,810,647	6,806,469	6,813,693	6,812,631

Reconciliation of Level 3 fair value hierarchy for financial assets	Investments in CAC Act Bodies	
	2013 \$'000	2012 \$'000
Opening balance	6,806,469	4,877,155
Total gains or losses presented in the Administered Reconciliation Table	(2,403,173)	455,922
Purchases	2,416,445	1,488,963
Transfers into/out of Level 3 ¹	(9,094)	(15,571)
Closing balance	6,810,647	6,806,469

¹ The transfer relates to the appropriation returns to the Official Public Account for CAC Act Bodies.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 24: Administered - Financial Instruments (continued)

Note 24D: Credit Risk

The administered activities of the Department were not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to Government controlled and funded entities and investment in Portfolio Agencies. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of financial assets, net of impairment losses, reported in the Schedule of Administered Items represents the maximum exposure to credit risk as \$6,813,704,000 (2012: \$6,812,903,000). Credit risk is managed by undertaking background and credit checks prior to allowing a debtor relationship. In addition, there are policies and procedures that guide debt recovery techniques that are to be applied.

The Department has assessed the risk of the default on payment and has allocated \$22,000 to an impairment allowance in 2013 (2012: \$25,000).

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2013 \$'000	Not Past Due Nor Impaired 2012 \$'000	Past Due or Impaired 2013 \$'000	Past Due or Impaired 2012 \$'000
Loans and receivables:				
Receivables - loans to CAC Act bodies	3,010	6,020	-	-
Receivables - other	34	404	35	35
Available for sale financial assets:				
Investment in Australian Broadcasting Corporation	1,013,800	988,566	-	-
Investment in Special Broadcasting Service Corporation	187,190	183,778	-	-
Investment in NBN Co Limited	3,417,657	1,924,325	-	-
Investment in Australian Postal Corporation	2,192,000	3,709,800	-	-
Total	6,813,691	6,812,893	35	35

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - other	-	-	3	10	13
Total	-	-	3	10	13

Ageing of financial assets that were past due but not impaired for 2012

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables:					
Receivables - other	8	-	1	1	10
Total	8	-	1	1	10

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

NOTE 24: Administered - Financial Instruments (continued)

Note 24E: Liquidity Risk

The Administered financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Commonwealth will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms, internal policies and procedures that are currently in place.

All financial liabilities are payable within one year.

Note 24F: Market Risk

Other than Administered Investments the Commonwealth holds basic financial instruments that do not expose the Commonwealth to certain market risks. The Department's Administered activities are not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item in the closing Schedule of Administered Items is 'loans receivable'. These items have fixed interest and will, therefore, not fluctuate due to changes in the market interest rate.

The following table is a sensitivity analysis of the risk of a change in discount rate used to calculate the fair value of the investment in the Australian Postal Corporation, holding all other variables constant. A 1.2 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

Sensitivity analysis of interest rate risk exposure for 2013

	Risk Variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$'000	\$'000
Administered Investment - Australian Postal Corporation	Discount rate	+1.20%	-	(397,500)
		-1.20%	-	540,900

Sensitivity analysis of interest rate risk exposure for 2012

	Risk Variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$'000	\$'000
Administered Investment - Australian Postal Corporation	Discount rate	+1.40%	-	(378,900)
		-1.40%	-	468,100

The method used to arrive at the possible risk of 1.2 basis points was based on both statistical and non-statistical analysis. The statistical analysis has been based on the cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying dataset. This information is revised and adjusted for reasonableness under the current economic circumstances.

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. Its administered investments are not traded on the Australian Stock Exchange. It does not hold any other financial instruments that would be exposed to price risk.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
NOTE 25: Administered - Financial Assets Reconciliation			
Financial assets			
Total financial assets per schedule of administered assets and liabilities		6,823,100	6,829,534
Less: non-financial instrument components			
GST receivable	18A	<u>9,396</u>	<u>16,631</u>
Total non-financial instrument components		<u>9,396</u>	<u>16,631</u>
Total financial assets as per financial instruments note	24	<u>6,813,704</u>	<u>6,812,903</u>

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

NOTE 26: Appropriations

NOTE 26A: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2013 Appropriations					Appropriation applied in 2013 (current and prior years) \$'000	Variance ^(b) \$'000
	Appropriation Act		FMA Act				
	Annual appropriation \$'000	Appropriations reduced ^(a) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000		
DEPARTMENTAL							
Ordinary annual services	117,449	-	-	5,054	-	122,503	5,735
Other services	1,200	-	-	-	-	1,200	-
Equity	118,649	-	-	5,054	-	123,703	-
TOTAL DEPARTMENTAL							5,735
ADMINISTERED							
Ordinary annual services	340,192	(70,077)	888	-	-	271,003	37,724
Administered items	1,273,754	-	-	-	-	1,273,754	78
Payments to CAC Act bodies	4,821,555	-	-	-	-	4,821,555	2,791,555
Other services	20,000	-	-	-	-	20,000	-
Administered assets and liabilities	6,455,501	(70,077)	888	-	-	6,386,312	2,829,357
Payments to CAC Act bodies							
TOTAL ADMINISTERED							(3,566,955)

Notes:

^(a) Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No decisions were made to reduce departmental appropriations in 2012-13. All unspent administered appropriations lapse at financial year end. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (Nos. 1, 3 & 5) 2012-13, the appropriation is taken to be reduced to the required amount specified in Table E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament. The amount of the reduction under Appropriation Act (Nos. 1, 3 & 5) 2012-13 was \$70,077,000.

^(b) Administered variance for assets and liabilities relates to funding for NBN Co Limited that was not required in 2012-13.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

	2012 Appropriations						Appropriation applied in 2012 (current and prior years) \$'000	Variance ^(c) \$'000
	Appropriation Act		FMA Act			Total appropriation \$'000		
	Annual appropriation \$'000	Appropriations reduced ^(a) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 ^(b) \$'000			
DEPARTMENTAL								
Ordinary annual services	131,034	-	-	4,541	699	136,274	7,135	
Other services	2,116	-	-	-	-	2,116	-	
Equity	133,150	-	-	4,541	699	138,390	-	
Total departmental								
ADMINISTERED								
Ordinary annual services	252,463	(43,637)	183	-	-	209,029	10,170	
Administered items	1,218,914	-	-	-	-	1,218,914	-	
Payments to CAC Act bodies	2,349,274	-	-	-	-	2,349,274	879,274	
Other services	18,963	-	-	-	-	18,963	-	
Administered assets and liabilities	3,839,634	(43,637)	183	-	-	3,796,180	889,444	
Payments to CAC Act bodies								
Total administered								

Notes:

^(a) Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No decisions were made to reduce departmental appropriations in 2011-12. All unspent administered appropriations lapse at financial year end. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (Nos. 1, 3 & 5) 2011-12, the appropriation is taken to be reduced to the required amount specified in Table E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament. The amount of the reduction under Appropriation Act (Nos. 1, 3 & 5) 2011-12 was \$43,637,000.

^(b) The FMA Act Determination 2011/13 - Section 32 (Transfer of Functions from DPMC to DBCDE) was signed on 8 August 2011 by the Department of Finance and Deregulation. The effect of this was to transfer responsibility for the Indigenous Broadcasting and Media sector from the Department of the Prime Minister and Cabinet to the Department of Broadband, Communications and the Digital Economy. The amount of the transfer determined under Section 32 was \$699,000.

^(c) Administered variance for assets and liabilities relates to funding for NBN Co Limited that was not required in 2011-12.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013 (current and prior years)			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriation s reduced \$'000	Section 32 \$'000					
DEPARTMENTAL								
Ordinary annual services								
Departmental Capital Budget ¹	4,259	-	-	4,259	(4,259)	-	(4,259)	-
ADMINISTERED								
Ordinary annual services								
Administered Capital Budget ¹	-	-	-	-	-	-	-	-

Notes:

¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

	2012 Capital Budget Appropriations			Capital Budget Appropriations applied in 2012		
	Appropriation Act	FMA Act	Total Capital Budget Appropriations \$'000	Payments for (current and prior years)		Variance \$'000
	Annual Capital Budget \$'000	Section 32 \$'000		non-financial assets ² \$'000	Payments for other purposes \$'000	
DEPARTMENTAL						
Ordinary annual services						
Departmental Capital Budget ¹	4,146	-	4,146	(4,146)	(4,146)	-
ADMINISTERED						
Ordinary annual services						
Administered Capital Budget ¹	-	-	-	-	-	-

Notes:

¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2013 \$'000	2012 \$'000
DEPARTMENTAL		
Cash and cash equivalents	588	523
Appropriation Act (No.1) 2012-2013	12,577	-
Appropriation Act (No.3) 2012-2013	1,602	-
Appropriation Act (No.1) 2011-2012	1,304	12,275
Appropriation Act (No.3) 2011-2012	4,133	4,133
Appropriation Act (No.1) 2010-2011	5,186	5,186
Appropriation Act (No.3) 2010-2011	107	107
Appropriation Act (No.1) 2009-2010*	2,214	2,214
Appropriation Act (No.2) 2009-2010*	482	482
Appropriation Act (No.2) 2008-2009*	46	46
Appropriation Act (No.3) 2008-2009*	2,903	2,903
Appropriation Act (No.2) 2007-2008*	147	147
Appropriation Act (No.1) 2006-2007*	1,436	1,436
Appropriation Act (No.3) 2006-2007*	10,977	10,977
Appropriation Act (No.4) 2006-2007*	49	49
Appropriation Act (No.4) 2005-2006*	171	171
Appropriation Act (RTS) 2005-2006*	3,459	3,459
Appropriation Act (No.1) 2004-2005*	33,379	33,379
Appropriation Act (No.2) 2004-2005*	8	8
Appropriation Act (No.4) 2004-2005*	250	250
Total	81,018	77,745
ADMINISTERED		
Appropriation Act (No.1) 2012-2013	83,645	-
Appropriation Act (No.2) 2012-2013	2,791,555	-
Appropriation Act (No.3) 2012-2013	7,966	-
Appropriation Act (No.1) 2011-2012	2,838	38,583
Appropriation Act (No.2) 2011-2012	879,274	879,274
Appropriation Act (No.5) 2011-2012	-	34,782
Appropriation Act (No.2) 2010-2011	300,726	300,726
Total	4,066,004	1,253,365

* These appropriations are subject to the Statute Stocktake (Appropriations) Act 2013 which received Royal assent on 1 July 2013. The effect of the Act was to repeal these appropriations.

NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

Table D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2013 \$'000	2012 \$'000
<i>Telstra Corporation Act 1991, section 8BA(3). Nature: Administered</i>	Unlimited Amount	for the payment of compensation-constitutional safety net	-	-
<i>Financial Management and Accountability Act 1997, section 39. Nature: Administered</i>	Unlimited Amount	for the investment of public money	-	-
<i>Financial Management and Accountability Act 1997, section 28(2). Nature: Administered</i>	Refund Provisions	to provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	1	1
Total			1	1

Department of Broadband, Communications and the Digital Economy
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NOTE 26: Appropriations (continued)

NOTE 26A: Appropriations (continued)

Table E: Reduction in Administered Items ('Recoverable GST exclusive')¹

2013	Amount required ² - by Appropriation Act Act (No.1)	Act (No.3)	Total amount required ²	Total amount appropriated ³	Total reduction ⁴
Ordinary Annual Services	270,115,202.02	-	270,115,202.02	340,192,000.00	70,076,797.98
Outcome 1					

¹ Administered items for 2012-13 were reduced to these amounts when these financial statements were tabled in Parliament as part of the entity's 2012-13 annual report. This reduction was effective in 2013-14, but the amounts were reflected in Table A in the 2012-13 financial statements in the column 'Appropriations reduced' as they were adjustments to 2012-13 appropriations.

² Amount required as per Appropriation Act (Act 1 s.11).

³ Total amount appropriated in 2012-13.

⁴ Total reduction effective in 2013-14.

2012	Amount required ² - by Appropriation Act Act (No.1)	Act (No.3)	Total amount required ²	Total amount appropriated ³	Total reduction ⁴
Ordinary Annual Services	208,845,531.41	-	208,845,531.41	252,483,000.00	43,637,468.59
Outcome 1					

¹ Administered items for 2011-12 were reduced to these amounts when these financial statements were tabled in Parliament as part of the entity's 2011-12 annual report. This reduction was effective in 2012-13, but the amounts were reflected in Table A in the 2011-12 financial statements in the column 'Appropriations reduced' as they were adjustments to 2011-12 appropriations.

² Amount required as per Appropriation Act (Act 1 s.11).

³ Total amount appropriated in 2011-12.

⁴ Total reduction effective in 2012-13.

NOTE 26: Appropriations (continued)

NOTE 26B: Compliance with Statutory Requirements for Payments from the Consolidated Revenue Fund

During 2012-13 additional legal advice was received that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The Department will review its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments.

NOTE 27: Special Accounts (Recoverable GST exclusive)

	BAF Communications Portfolio Special Account ¹	
	2013	2012
	\$'000	\$'000
Balance brought forward from previous period	-	-
Increases:		
Building Australia Fund receipts	366,445	463,571
Total increases	366,445	463,571
Available for payments	366,445	463,571
Decreases:		
Administered		
Payments made	(366,445)	(463,571)
Total administered decreases	(366,445)	(463,571)
Total decreases	(366,445)	(463,571)
Total balance carried to the next period	-	-

¹Appropriation: *Financial Management and Accountability Act 1997*, section 21.

Establishing Instrument: *Nation-building Funds Act 2008*, section 68.

Purpose: To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters.

The Department also had a 'Services for Other Entities and Trust Moneys' special account. This account was established under section 20 of the *Financial Management and Accountability Act 1997* on 26 May 2010, and subsequently abolished on 22 November 2012 by *Financial Management and Accountability (Abolition of 27 Special Account Determinations) Determination 2012/17*. The account had nil balances and there were no transactions debited or credited to it during the current or prior reporting period.

Department of Broadband, Communications and the Digital Economy
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for the year ended 30 June 2013

NOTE 28: Compensation and Debt Relief

	2013 \$	2012 \$
Departmental		
No 'Act of Grace payments' were expended during the reporting period. (2012: No payments).	-	-
No waivers of amounts owing to the Commonwealth were made in pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2012: No waivers)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2012: No payments)	-	-
No ex-gratia payments were provided for during the reporting period. (2012: No payments)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2012: No payments)	-	-
Administered		
No 'Act of Grace payments' were expended during the reporting period. (2012: No payments).	-	-
No waivers of amounts owing to the Commonwealth were made in pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2012: No waivers)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2012: No payments)	-	-
No ex-gratia payments were provided for during the reporting period. (2012: One payment made to support the provision of broadcasting and other communication services)	-	347 763
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2012: No payments)	-	-

NOTE 29: Assets Held in Trust

Monetary assets

Financial assets held in trust were also disclosed in Note 27 under 'Services for Other Entities and Trust Moneys'. The purpose of this account is for expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

The Department has no monetary assets held in trust in either the current or prior reporting period.

Non-monetary assets

The Department has no non-monetary assets held in trust in either the current or prior reporting period.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

NOTE 30: Reporting of Outcomes

Note 30A: Net Cost of Outcome Delivery

	Outcome 1 ¹		Payments to CAC Act bodies ²		Total	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental						
Expenses	121,668	134,070	-	-	121,668	134,070
Own-source income	2,920	1,750	-	-	2,920	1,750
Administered						
Expenses	353,616	640,797	1,273,676	1,218,914	1,627,292	1,859,711
Own-source income	245,747	195,577	-	-	245,747	195,577
Net cost of outcome delivery	226,617	577,540	1,273,676	1,218,914	1,500,293	1,796,454

¹ Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table on page 152 of this Annual Report.

² Payments to CAC Act bodies are not related to the outcomes of the Department.

2013	2012
\$'000	\$'000

NOTE 31: Net Cash Appropriation Arrangements

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.

Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	1,782	1,581
Less: depreciation/amortisation expenses previously funded through revenue appropriation	(7,094)	(6,084)
Total comprehensive income - as per the Statement of Comprehensive Income	(5,312)	(4,503)

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APPENDICES

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APPENDIX 1—AGENCY RESOURCE STATEMENT AND EXPENSES FOR OUTCOME

Table 5.1 Agency resource statement 2012–13

Agency resource statement 2012–13			
	Actual available appropriation for 2012–13	Payments made 2012–13	Balance remaining 2012–13
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Ordinary Annual Services			
Prior year departmental appropriation	76,592	10,906	65,686
Departmental appropriation ¹	113,190	99,011	14,179
Departmental Capital Budget ²	4,259	4,259	–
s32 Transfers	–	–	–
s31 Relevant agency receipts	5,054	5,054	–
Total	199,095	119,230	79,865
Administered expenses			
Prior year administered appropriation	73,365	35,745	
Outcome ¹	340,192	197,534	
Payments to CAC Act* bodies ¹	1,273,754	1,273,676	
Total	1,687,311	1,506,955	
Total ordinary annual services	A 1,886,406	1,626,185	
Departmental non-operating			
Prior year departmental appropriations	1,153	–	1,153
Equity injections ³	1,200	1,200	–
Previous year's programs	–	–	–
Total	2,353	1,200	1,153
Administered non-operating			
Prior year administered appropriations	1,180,000	–	
Administered assets and liabilities	4,821,555	2,030,000	
Payments to CAC Act* bodies—non-operating ³	20,000	20,000	
Total	6,021,555	2,050,000	
Total other services	B 6,023,908	2,051,200	
Total available annual appropriations and payments	7,910,314	3,677,385	

Agency resource statement 2012–13

	Actual available appropriation for 2012–13 \$'000	Payments made 2012–13 \$'000	Balance remaining 2012–13 \$'000
	(a)	(b)	(a)–(b)
Special Accounts			
Opening balance	–		
Non-appropriation receipts to Special Accounts	366,445		
Payments made		366,445	
Total Special Account⁴	C 366,445	366,445	–
Total resourcing and payments			
A+B+C	8,276,759	4,043,830	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act* bodies through annual appropriations	(1,293,754)	(1,293,676)	
Total net resourcing and payments for DBDCE	6,983,005	2,750,154	

1 *Appropriation Act (No.1) 2012–13 and Appropriation Act (No.3) 2012–13.*

2 For accounting purposes, this amount has been designated as 'contributions by owners'.

3 *Appropriation Act (No.2) 2012–13 and Appropriation Act (No.4) 2012–13.*

4 This relates to the Building Australia Fund Communications Portfolio Special Account. It does not include 'Special Public Money' held in accounts like Other Trust Monies accounts.

* *Commonwealth Authorities and Companies Act 1997.*

Table 5.2 Expenses for Outcome 1

Expenses for Outcome 1			
	Budget ¹ 2012–13 \$'000	Actual Expenses 2012–13 \$'000	Variation 2012–13 \$'000
	(a)	(b)	(a)–(b)
Program 1.1: Broadband and Communications Infrastructure			
Administered expenses	41,826	110,628	(68,802)
Ordinary Annual Services (Appropriation Bill No. 1)	28,085	28,256	(171)
Expenses not requiring appropriation in the Budget year ²	13,741	82,372	(68,631)
Departmental expenses	28,975	23,330	5,645
Departmental appropriation ³	27,340	21,720	5,620
Expenses not requiring appropriation in the Budget year ²	1,635	1,610	25
Total for Program 1.1	70,801	133,958	(63,157)
Program 1.2: Digital Economy and Postal Services			
Administered expenses	50,820	49,654	1,166
Ordinary Annual Services (Appropriation Bill No. 1)	48,189	47,088	1,101
Expenses not requiring appropriation in the Budget year ²	2,631	2,566	65
Departmental expenses	47,481	49,257	(1,776)
Departmental appropriation ³	44,561	45,866	(1,305)
Expenses not requiring appropriation in the Budget year ²	2,920	3,391	(471)
Total for Program 1.2	98,301	98,910	(609)
Program 1.3: Broadcasting and Digital Television			
Administered expenses	220,852	193,334	27,518
Ordinary Annual Services (Appropriation Bill No. 1)	220,852	193,334	27,518
Departmental expenses	47,214	49,081	(1,867)
Departmental appropriation ³	44,278	46,619	(2,341)
Expenses not requiring appropriation in the Budget year ²	2,936	2,463	473
Total for Program 1.3	268,066	242,416	25,650

Expenses for Outcome 1

	Budget ¹ 2012–13 \$'000	Actual Expenses 2012–13 \$'000	Variation 2012–13 \$'000
	(a)	(b)	(a)–(b)
Outcome 1 Totals by appropriation type			
Administered Expenses	313,498	353,616	(40,118)
Ordinary Annual Services (Appropriation Bill No. 1)	297,126	268,678	28,448
Expenses not requiring appropriation in the Budget year ²	16,372	84,938	(68,566)
Departmental expenses	123,670	121,668	2,002
Departmental appropriation ³	116,179	114,204	1,975
Expenses not requiring appropriation in the Budget year ²	7,491	7,464	27
Total expenses for Outcome 1	437,168	475,284	(38,116)
Average Staffing Level (number)	634	628	6

1 Full year budget, including subsequent adjustment made to the 2012–13 Budget.

2 Expenses not requiring appropriation in the Budget year is made up of issuing of Indefeasible Rights of Use, depreciation expense, amortisation expense, exchange rate movements, inventory expense and audit fees.

3 Departmental Appropriation combines Ordinary Annual Services (Appropriation Act No. 1 & Bill No. 3) and Revenue from Independent Sources (s31).

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

APPENDIX 2—SPATIAL REPORTING

Table 5.3 2012–13 Expenditure disaggregated for the Portfolio

Expenditure disaggregated for the Portfolio				
Program	Category	Budget ¹ Estimate 2012–13 \$m (a)	Actual Expenses 2012–13 \$m (b)	Variation \$m (a-b)
Department of Broadband, Communications and the Digital Economy				
Program 1.1: Broadband and Communications Infrastructure	Regional	–	–	–
	Non-regional	29	23	6
	Non-specific	42	111	(69)
Program 1.2: Digital Economy and Postal Services	Regional	14	14	–
	Non-regional	78	79	(1)
	Non-specific	6	6	–
Program 1.3: Broadcasting and Digital Television	Regional	74	68	6
	Non-regional	105	94	11
	Non-specific	90	81	9
Total—Department of Broadband, Communications and the Digital Economy				
	Regional	88	82	6
	Non-regional	212	196	15
	Non-specific	138	197	(59)
Australian Broadcasting Corporation				
	Regional	–	–	–
	Non-regional	–	–	–
	Non-specific	1,200	1,204	(4)
Australian Communications and Media Authority				
	Regional	–	–	–
	Non-regional	110	111	(1)
	Non-specific	145	146	(1)
Special Broadcasting Service				
	Regional	–	–	–
	Non-regional	–	–	–
	Non-specific	334	336	(2)

Expenditure disaggregated for the Portfolio			
Telecommunications Universal Service Management Agency			
Regional	-	-	-
Non-regional	5	4	1
Non-specific	309	304	4
Portfolio Total			
Regional	88	82	6
Non-regional	327	312	15
Non-specific	2,126	2,188	(62)

1 Full year budget, including subsequent adjustment made to the 2012–13 Budget.

APPENDIX 3—LEGISLATION AND STATUTORY INSTRUMENTS

The following major legislation and statutory instruments required input from Legal and Regulation during the year:

Telecommunications

- > Telecommunications Legislation Amendment (Consumer Protection) Bill 2013
- > Determination under subsection 23(2) (No. 1) 1998 (Amendment No. 1 of 2012)
- > Telecommunications (Low-impact Facilities) Determination 1997 (Amendment No. 1 of 2012)
- > Telecommunications Amendment Regulation 2012 (No. 1)
- > Telecommunications Amendment Regulation 2012 (No. 2)
- > Levy Amount Formula Modification Determination 2013
- > Telecommunications (Participating Persons) Determination 2013
- > *Telecommunications (Carrier Licence Charges) Act 1997*—Determination under paragraph 15(1)(d) No. 1 of 2013
- > Telecommunications (Carrier Licence Exemption—ICON, SSICT and ACTEW Networks) Determination 2013 (No. 1)
- > Telecommunications Universal Service Management Agency Amendment (Accessible Services) Regulation 2013
- > Telecommunications (Participating Persons) Determination 2013 (No. 2)
- > Australian Communications and Media Authority (Annual Carrier Licence Charge) Direction 2013

Digital services and strategy

- > Australian Communications and Media Authority (International Mobile Roaming Industry Standard) Direction (No. 1) 2012
- > Australian Communications and Media Authority (International Mobile Roaming Industry Standard) Direction (No. 1) 2012 (Amendment No. 1 of 2013)
- > Australian Communications and Media Authority (Allocation Procedures—Reserve Prices) Direction No. 1 of 2012
- > Australian Communications and Media Authority (Allocation Procedures—Reserve Prices) Direction No. 2 of 2012
- > Radiocommunications (Spectrum Licence Limits) Direction No. 1 of 2012 (Amendment No. 1 of 2012)
- > Radiocommunications (Spectrum Licence Limits) Direction No. 2 of 2012 (Amendment No. 1 of 2012)
- > Australian Communications and Media Authority (Spectrum Licence Allocation—Combinatorial Clock Auction— Eligibility Deadline and Payment Terms) Direction 2013
- > Do Not Call Register (Duration of Registration) Amendment Specification 2013 (No. 1)
- > Australian Communications and Media Authority (Low Interference Potential Devices in the Digital Dividend) Direction 2013

Broadcasting

- > Public Interest Media Advocate Bill 2013
- > News Media (Self-regulation) Bill 2013
- > News Media (Self-regulation)(Consequential Amendments) Bill 2013
- > Broadcasting Legislation Amendment (News Media Diversity) Bill 2013
- > *Television Licence Fees Amendment Act 2013*
- > *Broadcasting Legislation Amendment (Convergence Review & Other Measures) Act 2013*
- > *Broadcasting Legislation Amendment (Digital Dividend) Act 2013*
- > Broadcasting Services (Simulcast Period for Darwin TV1) Determination (No. 1) 2012
- > Broadcasting Services (Simulcast Period for Tasmania TV1) Determination (No. 1) 2012
- > Broadcasting Services (Simulcast Period for Northern New South Wales TV1) Determination (No. 1) 2012
- > Broadcasting Services (Simulcast Period for Regional Queensland TV1) Determination (No. 1) 2011 (Amendment No. 1 of 2012)
- > Broadcasting Services (Simulcast Period for Metropolitan Licence Areas) Determination (No. 1) 2009 (Amendment No. 1 of 2012)
- > Broadcasting Services (Digital-Only Local Market Areas for the Remote and Regional WA TV1, Western Zone TV1 and Kalgoorlie TV1 Licence Areas) Determination (No. 1) 2012
- > Broadcasting Services (Digital-Only Local Market Area for the Remote and Regional WA TV1, Western Zone TV1 and Geraldton TV1 Licence Areas) Determination (No. 1) 2012
- > Broadcasting Services (Digital-Only Local Market Areas for Northern New South Wales TV1) Determination (No. 1) 2012 (Amendment No. 1 of 2012)
- > Broadcasting Services (Digital-Only Local Market Areas for Northern New South Wales TV1) Determination (No. 1) 2012 (Amendment No. 2 of 2012)
- > Broadcasting Services (Digital-Only Local Market Areas for Tasmania TV1) Determination (No. 1) 2012
- > Broadcasting Services (Digital-Only Local Market Areas for Tasmania TV1) Determination (No. 2) 2012
- > Broadcasting Services (Digital-Only Local Market Areas for Tasmania TV1) Determination (No. 3) 2012
- > Broadcasting Services (Digital-Only Local Market Areas for Remote Central and Eastern Australia TV1 and Remote Central and Eastern Australia TV2) Determination (No. 1) 2012
- > Broadcasting Services (Digital-Only Local Market Areas for the Remote Central and Eastern Australia TV1, Remote Central and Eastern Australia TV2, Remote and Regional WA TV1 and Western Zone TV1 Licence Areas) Determination (No. 1) 2013
- > Broadcasting Services (Digital-Only Local Market Areas for the Remote Central and Eastern Australia TV1, Remote Central and Eastern Australia TV2, Remote and Regional WA TV1 and Western Zone TV1 Licence Areas) Determination (No. 2) 2013
- > Broadcasting Services (Digital-Only Local Market Areas for Remote Central and Eastern Australia TV1 and Remote Central and Eastern Australia TV2 Licence Areas) Determination 2013

- > Television Licence Fees Amendment Regulations 2012 (No. 2)
- > Australian Broadcasting Corporation (Election of Staff-elected Director) Regulation 2012
- > National Transmission Network (Declared Successor) Declaration No. 1 of 2012
- > Broadcasting Services (Events) Notice (No. 1) 1010 (Amendments Nos. 11-15 of 2012; Nos. 1-8 of 2013)
- > Broadcasting Services (Exempt Digital Transmission Areas) Determination (No. 1) 2013
- > Broadcasting Services (Exempt Digital Transmission Areas) Determination (No. 2) 2013
- > Television Licence Fees Amendment Regulation 2013 (No. 1)
- > Australian Communications and Media Authority (Television Licence Area Planning and Monitoring) Direction 2013
- > Radiocommunications (Duration of Community Television Transmitter Licences) Determination No. 1 of 2008 (Amendment No. 1 of 2013)
- > Broadcasting Services (Material of Local Significance—Regional Aggregated Commercial Television Broadcasting Licences) Direction 2013

APPENDIX 4—STAFFING STATISTICS (30 JUNE 2013)

Table 5.4 Full-time and part-time staff—30 June 2013

		Ongoing				Non-Ongoing				Total
Full-time		Part-time		Full-time		Part-time		Casual		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
236	289	14	46	14	37	2	3	2		643

Note: These figures include staff employed by the Department as at 30 June 2013 and exclude all inoperative staff*. These figures include the departmental Secretary.

* Inoperatives are defined as those staff who were recorded as being on leave without pay as at 30 June 2013 for a total period greater than 13 weeks.

Table 5.5 Staff by classification groups and location—30 June 2013

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SES1	SES2	SES3	SEC1	Location total
ACT	1	5	23	56	69	121	193	84	21	7	3	1	584
NSW				6	8	15	22	6	1				58
TAS							1						1
Classification total	1	5	23	62	77	136	216	90	22	7	3	1	643

Note: The above data is based on substantive classifications and local designations such as Legal and Public Affairs, have been subsumed into the equivalent APS or EL levels. The departmental Secretary is included and inoperative staff are excluded.

Table 5.6 SES staff—30 June 2013

	Female	Male	SES total
SESB1	11	11	22
SESB2	2	5	7
SESB3	1	2	3
Gender total	14	18	32

Note: These figures reflect substantive occupancy and exclude inoperative staff.

Table 5.7 Staff in equal employment opportunity (EEO) groups—30 JUNE 2013

Male	Female	Total staff 1	DCLB	ATSI	PWD	Total staff 2
268	375	643	49	6	16	71
41.7%	58.3%		7.6%	0.9%	2.5%	11.0%

Note: The above table excludes inoperative staff.

Key to Table 5.7

Total staff 1: Ongoing and non-ongoing staff based on their substantive classification as at 30 June 2013.

Total staff 2: Total number of staff who chose to provide EEO information and this may include 'no' responses to some questions.

DCLB: Staff who reported they are from diverse linguistic backgrounds.

ATSI: Aboriginal and/or Torres Strait Islander peoples.

PWD: Staff who reported they have a disability.

Table 5.8 Salary range of employees 2012–13

Classification	Enterprise Agreement		Individual Arrangements*	
	Lowest	Highest	Lowest	Highest
APS1	41,965	46,083	N/A	N/A
APS2	47,212	52,330	N/A	N/A
APS3	53,694	53,694	N/A	N/A
APS4	60,184	65,044	N/A	N/A
APS5	67,097	73,115	N/A	N/A
APS6	73,987	89,538	88,756.00	N/A
EL1	95,774	118,838	106,235.00	116,966.00
EL2	111,107	139,090	134,326.00	151,134.00
SES	N/A	N/A	161,484.00	270,530.00

Note: Part-time salaries have been annualised to full-time for comparison. This table excludes all inoperative staff.

Classifications with local designations such as Legal and Public Affairs, have been subsumed into the equivalent APS or EL levels.

*Includes a Common Law Contract, and section 24(1) Determinations and supplementary arrangements.

Table 5.9 Performance payments 2012–13

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest amount (\$)	Highest amount (\$)
EL1	100	333,812.70	3,338.13	520.09	11,123.50
EL2	51	246,280.10	4,829.02	678.37	13,170.40
Total	151	580,092.80			

Note: Classifications with local designations, for example Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table includes all staff who received a performance payment for 2010–11 (includes terminated and inoperative staff as at 30 June 2013).

Table 5.10 Performance payments 2011–12, paid in 2012–13

Classification	Number of staff paid	Aggregate amount (\$)	Average amount (\$)	Lowest amount (\$)	Highest amount (\$)
EL1	15	22,664.33	1,510.96	163.88	4,024.23
EL2	3	7,450.90	2,483.63	1,725.87	3,999.16
Total	18	30,115.23			

Note: Classifications with local designations such as Legal and Public Affairs have been subsumed into the equivalent APS or EL levels.

APPENDIX 5—ADVERTISING AND MARKET RESEARCH

In the 2012–13 financial year, the Department paid a total of \$32,009,039.84 GST inclusive to:

Table 5.11 Advertising agencies

Organisation	Purpose	Amount paid (\$)
BMF	Advertising	5,386,804.94
George Patterson Y & R Pty Limited	Creative services	1,529,554.49
Total advertising agencies		6,916,359.43

Table 5.12 Market research organisations

Organisation	Purpose	Amount paid (\$)
Hall and Partners—Open Mind Pty Ltd	Market research	814,192.59
Orima Research	Market research	1,966,966.39
DBM Consultants Pty Ltd	Evaluation	586,740.00
Woolcott Research Pty Ltd	Market research	102,950.00
Total market research organisations		3,470,848.98

Table 5.13 Direct mail organisations

Organisation	Purpose	Amount paid (\$)
N/A	N/A	N/A

Table 5.14 Media advertising organisations

Organisation	Purpose	Amount paid (\$)
Adcorp	Below the line advertising	21,569.19
Mediabrand Australia Pty Ltd	Media buys for NBN, Retune and Digital Switchover	21,600,232.24
Total media advertising		21,621,801.43

During 2012–13, the Department carried out the Digital Switchover, Retune and NBN advertising metropolitan campaigns. Further information on these is available at www.dbcde.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance and Deregulation. Please visit www.finance.gov.au/advertising/index.html to view these reports.

06

OTHER INFORMATION

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ACRONYMS AND GLOSSARY

Acronyms

ABS	Australian Bureau of Statistics
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
ANAO	Australian National Audit Office
APS	Australian Public Service
BCP	Business Continuity Plan
CAC	<i>Commonwealth Authorities and Companies Act 1997</i>
CLCs	Common Law Contracts
CPR	Commonwealth Procurement Rules
CWG	Consultative working group
DSLO	Digital Switchover Liaison Officer
EMG	Executive Management Group
FMA	<i>Financial Management and Accountability Act 1997</i>
FOI	Freedom of Information
FTE	Full-time equivalent
HAS	Household Assistance Scheme
IBP	Indigenous Broadcasting Program
NBN	National Broadband Network
NFP	Not for profit
NICTA	National Information Communications Technology Australia
NITV	National Indigenous Television
NRS	National Relay Service
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PRC	Performance Reporting Committee
SES	Senior Executive Service
SSS	Satellite Subsidy Scheme
SSU	Structural Separation Undertaking
STS	Standard Telephone Service
TUSMA	Telecommunications Universal Service Management Agency
VAST	Viewer Access Satellite Television
WCC	Workplace Consultative Committee
YAG	Youth Advisory Group

Glossary

Activity	What an agency does to convert inputs into outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more finds to portfolios through the Additional Estimates Acts.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Agency	Agencies are Departments of State, Departments of Parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Appropriation	An authorisation by Parliament to spend monies from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Chief Executive Instructions	Instructions on the administration of the Department issued by the Secretary under Regulation 6 of the Financial Management and Accountability Regulations 1997.
Consultancy services	Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations, or to provide independent advice, information or creative solutions to help the agency in management decision-making.
Convergence	The process by which technologies (for example, televisions, phones and computers) and platforms (for example, broadcast, telecommunications and online) that originated having distinct functionalities evolve to overlap, so that the end-user experience is similar regardless of the platform or device.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Deliverables	The tangible product of a program that should be measurable or quantifiable units or activities.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.
Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Digital dividend	Refers to the radiofrequency spectrum currently used for analog television, which is freed up by the switchover from analog to digital-only television.

Enterprise Agreement	A written agreement about working conditions and wages made between an employer and its employees.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
Internal auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
Key performance indicators	The basis on which to assess the effectiveness of a program in achieving its objectives.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Materiality	Takes into account the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
NBN Co Limited	The company established by the Government to build and operate the NBN.
Non-ongoing employee	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
Ongoing employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community.
Structural separation	The separation of ownership of Telstra's retail business units from the ownership of its customer access network. Such separation prevents Telstra as a network owner advantaging its downstream retail operations to the detriment of its competitors. Within the NBN Co fibre rollout area, it will be achieved by the migration of Telstra's customer services to the NBN Co fibre network as that network is rolled out.
Universal services obligation	The universal service obligation ensures standard telephone services are reasonably accessible to all people in Australia (other than people in designated STS areas) on an equitable basis, wherever they reside or carry on business; and ensures payphones are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business.

CORRECTIONS TO THE ANNUAL REPORT 2011–12

On page 47 of the Department's Annual Report 2011–12, the Household Assistance Scheme was incorrectly referred to as the Household Assistance Program.

On page 56 of the Department's Annual Report 2011–12, the final paragraph should have read:

'In the 2010–11 and 2011–12 budgets, funding was provided to convert 12 ABC and 54 SBS community-operated analog self-help television services at sites where all of the other digital television services will be provided by broadcasters. This means that householders in the relevant areas will receive all of the digital free-to-air television services from a terrestrial source. These conversions are being managed by the ABC and SBS. Sixty-four services will be operated on a self-help basis once converted. The remaining two services (ABC Mandurah, Western Australia and Tieri, Queensland) will be operated by the ABC once converted due to the larger-than-usual populations served by these self-help services. These services are being converted during the relevant switchover window. At the end of June 2012, 24 of these self-help services had been converted.'

On page 106 of the Annual Report 2011–12, Woolcott Research Pty Ltd was listed as completing an IPND accuracy study in Table 4.11 Market research organisations. This information was incorrectly listed as it was not a market research contract.



COMPLIANCE INDEX

Part of Report	Description	Requirement	Page
	Letter of transmittal	Mandatory	III
	Table of contents	Mandatory	IV
	Index	Mandatory	174–183
	Glossary	Mandatory	167–8
	Contact officer(s)	Mandatory	II
	Internet home page address and internet address for report	Mandatory	II
Review by Secretary		Mandatory	2–4
	Review by departmental Secretary	Mandatory	2–4
	Summary of significant issues and developments	Suggested	2–4
	Overview of Department's performance and financial results	Suggested	2–4
	Outlook for following year	Suggested	2–4
	Significant issues and developments—portfolio	Suggested	4
Departmental Overview		Mandatory	5–9
	Role and functions	Mandatory	5–8
	Organisational structure	Mandatory	7–8
	Outcome and program structure	Mandatory	6
	Where outcome and program structures differ from PBS/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	6
	Portfolio structure	Mandatory	9

Part of Report	Description	Requirement	Page
Report on Performance		Mandatory	11–58
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	11–58
	Actual performance in relation to deliverables and KPIs set out in PBS/PAES or other portfolio statements	Mandatory	11–58
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
	Narrative discussion and analysis of performance	Mandatory	11–58
	Trend information	Mandatory	26, 30, 39, 45, 56–7, 65, 73
	Significant changes in nature of principal functions/services	Suggested	N/A
	Performance of purchaser/provider arrangements	If applicable, suggested	N/A
	Factors, events or trends influencing departmental performance	Suggested	11–58
	Contribution of risk management in achieving objectives	Suggested	61
	Social inclusion outcomes	If applicable, mandatory	27
	Performance against service charter customer service standards, complaints data and the Department's response to complaints	If applicable, mandatory	64
	Discussion and analysis of the Department's financial performance	Mandatory	56–7
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	56–7
	Agency resource statement and summary resource tables by outcomes	Mandatory	152–5

Part of Report	Description	Requirement	Page
Management and Accountability		Mandatory	59–74
Corporate Governance			
	Agency heads are required to certify that their agency complied with the Commonwealth Fraud Control Guidelines	Mandatory	III, 61
	Statement of the main corporate governance practices in place	Mandatory	60–4
	Names of the senior executives and their responsibilities	Suggested	7
	Senior management committees and their roles	Suggested	60–1
	Corporate and operational planning and associated performance reporting and review	Suggested	60, 61, 62
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	61, 62
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	62
	How nature and amount of remuneration for SES officers is determined	Suggested	71
External Scrutiny			
	Significant developments in external scrutiny	Mandatory	62–4
	Judicial decisions and decisions of administrative tribunals	Mandatory	64
	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	63, 64, 66–7
Management of Human Resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	68–71
	Workforce planning, staff turnover and retention	Suggested	70
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	71
	Training and development undertaken and its impact	Suggested	68
	Work health and safety performance	Suggested	70
	Productivity gains	Suggested	N/A
	Statistics on staffing	Mandatory	71, 161–3
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	71
	Performance pay	Mandatory	163

Part of Report	Description	Requirement	Page
Assets Management	Assessment of effectiveness of assets management	If applicable, mandatory	72
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	72
Consultants	The Annual Report must include a summary statement detailing the number of new consultancy services contracts let during the year, the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST), the number of ongoing consultancy contracts that were active in the reporting year, and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The Annual Report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	73
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	74
Exempt Contracts	Contracts exempt from the AusTender website	Mandatory	74
Financial Statements	Financial statements	Mandatory	75–150
Other Mandatory Information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	70
	Advertising and market research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	164
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	74
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A
	Grant programs	Mandatory	58
	Disability reporting—explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	67
	Information Publication Scheme statement	Mandatory	64
	Spatial reporting—expenditure by program between regional and non-regional Australia	If applicable, mandatory	156–7
	Correction of material errors in previous Annual Report	If applicable, mandatory	169
	Agency Resource Statements and Resources for Outcomes	Mandatory	152–5
	List of requirements	Mandatory	170–3

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