

SECTION 01

OVERVIEW

This section provides a review of the year by the Secretary, and information about the Department—our purpose, strategic priorities, outcomes and programs, organisational structure, ministerial arrangements and overview of our portfolio.

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Mike Mrdak AO, Secretary

Secretary's review

2016–17 has been a year of reform, progress and change for the Department of Communications and the Arts.

This report marks my first as Secretary since taking over from Dr Heather Smith PSM on 18 September 2017. I would like to acknowledge Heather's contribution to and leadership of this portfolio since her commencement as Secretary in January 2016. Through her leadership, the Department was well placed to deliver on its outcomes in 2016–17, as detailed in this report. She led significant reforms in communications infrastructure and broadcasting policy and has built a strong Department culture.

The ever-changing nature of technology and digital disruption present us with a myriad of opportunities, along with challenges, as the policy and regulatory issues we used to think of as standalone are increasingly interlinked. In this context, the Department will continue to be focused on maintaining clear alignment between the work of this portfolio and the broader Australian Government agenda to support innovation, productivity and growth.

The communications sector is now a layered digital ecosystem where services, applications and content are combined and connected in various ways to offer new capabilities and products to consumers, rather than vertical silos of industry or devices. At the same time, the arts sector is embracing digital disruption to create new works, businesses and ways of operating.

This year has seen an important body of work progressed to support our Ministers in establishing strong foundations for a range of significant reforms to be delivered over the coming years. These reforms will modernise our relationship with the communications and creative sectors, relating to content, copyright, broadcasting, spectrum and support for cultural and artistic endeavours.

A key achievement was the Government's announcement of a comprehensive package of media, broadcasting and content reforms in May 2017. The package aims to improve the sustainability of Australia's free-to-air broadcasting sector, protect children from exposure to gambling advertising and support the creation of high-quality Australian content. Other elements of the package include adjustments to the anti-siphoning regime and funding to support under-represented sports on pay TV.

The Department also focused on progressing the Government's spectrum reform agenda to implement the recommendations of the 2015 Spectrum Review. In May 2017, a consultation package was released on reforms to modernise and simplify Australia's spectrum management framework. We are now positioned to make significant progress in implementing reform arrangements in 2017–18.

The passage of the Copyright Amendment (Disability Access and Other Measures) Bill 2017 through Parliament in March 2017 was another significant milestone for the Department. These reforms streamline and simplify the copyright framework for the disability, education, library and archive sectors and provide the wider Australian community with fair and reasonable access to copyright material, while respecting the interests of copyright holders. The Bill is an important next step in working with stakeholders to modernise copyright law and follows the ratification of the Marrakesh Treaty in 2015–16. The recently released Government response to the Productivity Commission's report on intellectual property arrangements supports a number of the report's recommendations and acknowledges the importance of further consultation with stakeholders on future copyright reforms.

The National Broadband Network (NBN) provides access to high-speed broadband for Australian homes and businesses. In 2016–17, we continued our role in supporting the provision of NBN infrastructure to Australians, monitoring the work of NBN Co Ltd (NBN Co), maintaining policy and regulatory settings and providing advice to the Minister for Communications as one of the two shareholder ministers and the Minister for Regional Communications. This Department worked closely with the Department of Finance to put in place arrangements for a Commonwealth loan to NBN Co valued at up to \$19.5 billion, which will commence in October 2017.

A highlight of the NBN rollout in 2016–17 was the successful launch of the Sky Muster II satellite in October 2016. Nearly 75,000 premises had active broadband services over the Sky Muster satellites at the end of June 2017. Also at this time, the NBN was available to over 5.7 million premises, marking the halfway point of the rollout.

Another major piece of work completed this year was the telecommunications reform package, with legislation introduced into Parliament in late June 2017. The reform package is designed to improve the underlying competitive framework in which high-speed broadband infrastructure providers operate. It will establish a statutory infrastructure provider regime to ensure people in Australia can access a high-speed broadband service, no matter where they live or work, and will enable services in regional areas to be sustainably funded into the future through the introduction of the Regional Broadband Scheme.

Inadequate mobile phone coverage remains a significant issue for Australians living, working and travelling in regional areas of the country. In 2016–17, the Department continued implementation of the Mobile Black Spot Program, progressing the build phase for round 1 which started in December 2015 and starting the build phase for round 2 in early 2017. At the end of June 2017, an estimated 31,624 premises and 2,256 kilometres of major roads were benefiting from improved mobile coverage.



The Copyright Amendment (Disability Access and Other Measures) Bill is an important next step in working with stakeholders to modernise copyright law.

As a result of this program, regional locations and small communities across the country will have access to improved mobile phone and data coverage and greater competition, supporting education, business growth and keeping in contact with family and friends.

This year also saw changes to the Government's support for the arts sector to help pave the way for increased focus on the work of connecting the arts sector to the broader innovation agenda. In March 2017, the Government announced that the majority of funds would be transferred from the *Catalyst—Australian Arts and Culture Fund* to the Australia Council. The Department worked with the Australia Council to facilitate a smooth transition to the new arrangements, which will see the Department retain \$2 million per year to provide an alternative avenue of funding for organisations not in receipt of Australia Council support.

Over the course of the year, the Department continued to work closely with our National Collecting Institutions (NCIs), which play an important role in preserving Australia's cultural heritage. A key focus has been to support our NCIs upgrade their infrastructure and operations through an additional \$64.9 million from the Public Service Modernisation Fund. Our NCIs are more relevant and accessible than ever before. The most recent data show that Australia's collecting institutions attracted almost 11 million visitors in 2016–17 and achieved a satisfaction rate of 88 per cent.



In 2016–17, around 80 organisations received funding under our Indigenous Languages and Arts Program.

This Department delivers a range of programs that encourage excellence in the arts, help to protect our cultural heritage and promote public access to, and participation in, arts and culture. In 2016–17, around 80 organisations received funding under our Indigenous Languages and Arts Program, which supports the revival, preservation and celebration of Indigenous language and arts. The importance of this program was further highlighted through the 2017 National Aborigines and Islanders Day Observance Committee (NAIDOC) week theme 'Our Languages Matter', which recognised the importance of Aboriginal and Torres Strait Islander languages.

It was also an important year for Indigenous repatriation, with the Department supporting two repatriation handover ceremonies in Berlin and London, involving seven institutions. At these ceremonies, Australian Indigenous ancestral remains were returned from German and United Kingdom institutions to Australian Indigenous community members and direct descendants. Returning ancestral remains to Country helps promote healing, justice and reconciliation for Aboriginal and Torres Strait Islander peoples. These ceremonies represented the culmination of complex negotiations and community consultations led by the Department.

Internally the Department has been on the move, with staff based at Market Street in Sydney relocating to our Surry Hills office at the end of March 2017, and our Canberra-based staff relocating in late July 2017 from our Forrest-based building to the Nishi building in New Acton. These changes bring exciting opportunities to explore and adopt a set of technologies that will enable us to work better as one organisation, despite being physically located across three offices in Canberra, Sydney and Melbourne and having staff in several other locations across Australia. These technologies are in alignment with our policies to encourage different ways of working, and enable a more flexible, inclusive and collaborative workplace culture.

The Department has continued to strengthen its culture and capability by enhancing diversity and inclusion. In early 2017, the Department launched its Diversity and Inclusion Strategy. The strategy promotes inclusive leadership, a respectful culture, and flexible work through digital technologies, which will help us to attract, recruit, develop and retain a diverse workforce. Across the year, the Department launched a number of action plans that support this broader strategy, including the Gender Action Plan and the Disability Access and Inclusion Action Plan. The Department will continue to build on this in 2017–18.

The Department also worked on realigning its strategic priorities to better reflect the synergies between the arts and communications sectors. This resulted in the 2017–18 Corporate Plan reflecting three strategic priorities—‘consumer’ ‘advancing the sector’ and ‘content and culture’—to guide our activities over the coming year and beyond.

Looking forward, some of our key areas of focus in 2017–18 are:

- delivering and implementing the Government’s reform agenda and several reviews relating to the communications and arts sectors
- continuing our support of the NBN rollout, with an increasing focus on the consumer experience
- aligning the work of the portfolio with the broader government agenda to encourage productivity, growth and innovation, including supporting the links between innovation, arts and creativity
- continuing to support Australia’s vibrant creative sectors
- working more collaboratively and innovatively with industry and consumers, and across government, in all areas of our work
- continuing to strengthen our research and evidence base for policy through the Bureau of Communications and Arts Research
- taking advantage of the opportunities presented by the move in Canberra to our new premises and in Sydney of staff to Surry Hills to grow our culture, capability and capacity.

I thank all staff for their contributions over the year and I am looking forward to working productively with our portfolio agencies, stakeholders and staff to achieve outcomes in the year ahead.

Mike Mrdak AO
Secretary

Our purpose

We advise the Government on issues relating to communications and the arts. We support the Government to promote economic growth and social benefits by helping all Australians realise the opportunities of digital technologies and communications services.

The Department fosters a vibrant and diverse Australian culture. We promote access to, and participation in, a wide range of cultural and artistic endeavours for all Australians.

Our strategic priorities

These are the five strategic priorities for the Department as described in our 2016–17 Corporate Plan.

- **Ensure efficient investment in innovation infrastructure**—Australia needs efficient investment in infrastructure that supports innovation and productivity. This includes high-quality, reliable and secure communications networks, and artistic and cultural institutions that foster creativity and reflect changing consumer preferences for how services are accessed. Infrastructure investment and availability must occur nationally, with careful consideration of the incentives and models for service delivery in regional and remote Australia.
- **Harnessing digital disruption**—Digital disruption presents both challenges and opportunities. The communications sector plays an integral role in enabling the digitally driven transition of the Australian economy. Digital technologies are transforming traditional business models and creating new competitive landscapes.
- **Ensuring access to diverse Australian content**—While digital platforms are providing new ways to consume media, Australians still expect access to the full range of Australian content. The Department advises the Government on appropriate and sustainable funding models and incentives to support the development and distribution of high-quality Australian content.
- **Foster Australian arts and culture**—Australia's arts sector is important for all Australians. The Government provides opportunities for Australian communities to learn about, enjoy and participate in a wide range of artistic and cultural endeavours as well as supporting Indigenous arts and culture, Australian literature and the performing arts.
- **Strengthening our capability**—We are committed to developing the talents and capabilities of our people. Our capabilities contribute directly to achieving our strategic priorities and delivering enhanced outcomes for the Australian community.

Our 2017–18 Corporate Plan has been revised to reflect three strategic priorities: 'consumer', 'advancing the sector' and 'content and culture'.



Outcomes and programs

In 2016–17, we administered two outcomes and two programs (Table 1.1).

Table 1.1 Outcome and program structure

Outcome	Program	Source*
Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	Program 1.1: Digital Technologies and Communications Services	Portfolio Budget Statements 2017–18, p. 6
Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression	Program 2.1: Arts and Cultural Development	Portfolio Budget Statements 2017–18, p. 6

* The 2017–18 Portfolio Budget Statements were published on 9 May 2017 and incorporate the 2016–17 reporting period.

Ministerial arrangements

Senator the Hon Mitch Fifield was Minister for Communications and Minister for the Arts for the entire reporting period. Senator the Hon Fiona Nash was Minister for Regional Communications for the entire reporting period.

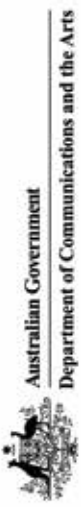
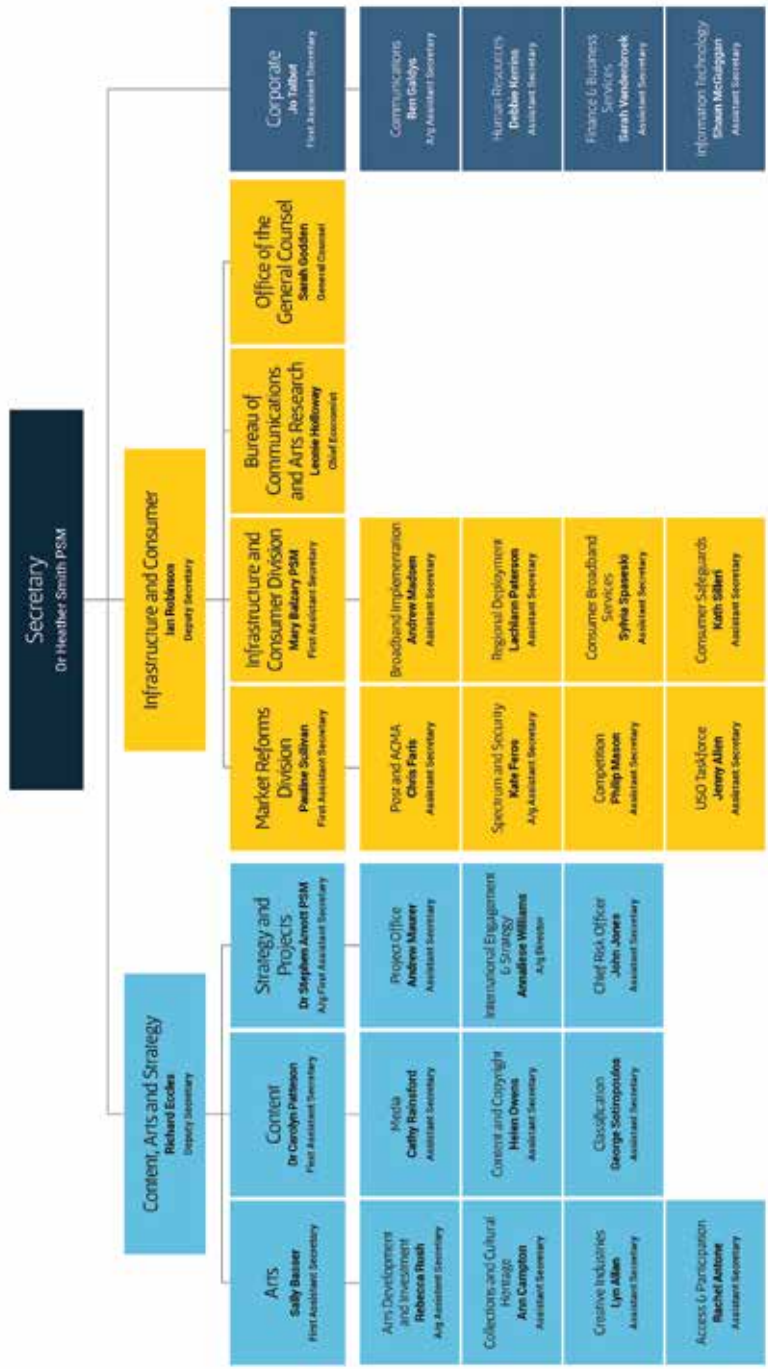
The Department restructured in April 2017 to align areas responsible for the National Broadband Network (NBN), regional broadband, NBN migration and consumer protection, with a dedicated branch to focus on consumer broadband services—all within the Infrastructure and Consumer Division. Other communications policy areas were brought together within the Market Reforms Division, including a new taskforce that was established to prepare the Government's response to the Productivity Commission's inquiry into the universal service obligation.

Department structure and functions

Dr Heather Smith PSM was Secretary for the entire reporting period. On 18 September 2017, the Prime Minister, the Hon Malcolm Turnbull MP, appointed Mike Mrdak AO to the position of Secretary of the Department of Communications and the Arts.

Organisation chart

Figure 1.1 Department of Communications and the Arts organisation chart as at 30 June 2017





Secretary and Executive Office

- Secretary of the Department of Communications and the Arts: Dr Heather Smith PSM
(note: Mike Mrdak AO became Secretary effective from 18 September 2017)
 - Corporate Division
- Deputy Secretary, Content, Arts and Strategy: Richard Eccles
 - Content Division, Arts Division, Strategy and Projects Division
- Deputy Secretary, Infrastructure and Consumer: Ian Robinson
 - Infrastructure and Consumer Division, Market Reforms Division, Bureau of Communications and Arts Research, Office of the General Counsel.

Arts

The Arts Division administers Program 2.1 and implements the strategic priority 'foster Australian arts and culture'.

First Assistant Secretary—Sally Bassar

Content

The Content Division, together with the Infrastructure and Consumer Division and the Market Reforms Division, administers Program 1.1 and implements the strategic priorities 'harnessing digital disruption' and 'ensuring access to diverse Australian content'.

First Assistant Secretary—Carolyn Patteson

Strategy and Projects

The Strategy and Projects Division is responsible for leading risk and audit functions in the Department, and delivering short-to-medium-term policy projects. It also leads our engagement with international telecommunications and internet governance organisations.

**Acting First Assistant Secretary—
Dr Stephen Arnott PSM**

Market Reforms

The Market Reforms Division, together with the Content Division, and the Infrastructure and Consumer Division, administers Program 1.1 and implements the strategic priorities 'ensure efficient investment in innovation infrastructure' and 'harnessing digital disruption'.

First Assistant Secretary—Pauline Sullivan

Infrastructure and Consumer

The Infrastructure and Consumer Division, together with Content Division and Market Reforms Division, administers Program 1.1 and implements the strategic priorities 'ensure efficient investment in innovation infrastructure' and 'harnessing digital disruption'.

First Assistant Secretary—Mary Balzary PSM

Bureau of Communications and Arts Research

The Bureau of Communications and Arts Research supports the strategic priority 'strengthening our capability' by undertaking research and providing economic and data analysis on communications and arts portfolio issues to support evidence-based policy development and advice.

Chief Economist—Leonie Holloway



Office of the General Counsel

The Office of the General Counsel manages the preparation and delivery of legal services, performs selected professional services and provides strategic advice to the Department.

General Counsel—Sarah Godden

Corporate

The Corporate Division supports the Department's strategic priorities and performance. The division delivers the people capability, enterprise resource planning and budget management, and a secure and integrated information environment, and provides a strategic and digital communications function to support the Department in fulfilling its strategic priorities.

First Assistant Secretary—Jo Talbot

Communications and the Arts portfolio

During 2016–17, we worked with 18 entities in the Communications and the Arts portfolio.

Communications

Australia Post

Australia Post is a government business enterprise wholly owned by the Australian Government. Consistent with its community service obligations, it provides a high-quality mail service to all Australians wherever they live or do business. It also operates parcel, e-commerce and logistics businesses.

Table 1.2 Communications and the Arts portfolio as at 30 June 2017

Communications	Arts
<ul style="list-style-type: none">• Australian Postal Corporation (Australia Post)• Australian Broadcasting Corporation• Australian Communications and Media Authority• NBN Co Ltd• Office of the eSafety Commissioner• Special Broadcasting Service Corporation	<ul style="list-style-type: none">• Australia Council• Australian Film, Television and Radio School• Australian National Maritime Museum• Bundanon Trust• Creative Partnerships Australia• Museum of Australian Democracy at Old Parliament House• National Film and Sound Archive of Australia• National Gallery of Australia• National Library of Australia• National Museum of Australia• National Portrait Gallery of Australia• Screen Australia



We advised the Government on the postal sector, including the community service obligations for postal services, and the implementation of the postal reforms that came into effect in January 2016. During 2016–17, we led Australia’s delegation to the Universal Postal Congress where we negotiated remuneration rules to increase Australia Post’s revenue from carriage of international mail and won election to its two governing councils. Together with the Department of Finance we also advised the Government in its capacity as the shareholder of Australia Post.

www.auspost.com.au

Australian Broadcasting Corporation (ABC)

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.

We provided advice about ABC policy and triennial funding matters, the availability and rollout of ABC services, and ABC Board appointments.

www.abc.net.au

Australian Communications and Media Authority (ACMA)

The ACMA is responsible for regulating broadcasting, radiocommunications, telecommunications and online content in accordance with its statutory requirements. The ACMA works with 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.

We advised the Government on the policy and legislative framework administered by the ACMA, including appropriate consumer safeguards relating to the provision of content and communications services, spectrum management, media ownership and control, and esafety. We finalised the report on the review of the ACMA. The Government indicated its support for the recommendations and it publicly released the final ACMA review report in May 2017. Implementation of the recommendations is underway.

www.acma.gov.au

NBN Co Ltd (NBN Co)

NBN Co is a government business enterprise, wholly owned by the Australian Government. Its role is to plan, roll out and operate Australia’s NBN, which will provide all Australians with access to high-speed broadband.

We advised the Government on issues impacting the NBN, including experiences of regional and metropolitan Australia; legislative, regulatory and financial frameworks and requirements; and market trends and sectoral developments. Together with the Department of Finance we also advised the Government in its capacity as the shareholder of NBN Co.

www.nbnco.com.au

Office of the eSafety Commissioner

The office supports the eSafety Commissioner. It leads online safety advice and education for the Government and operates a complaints system so that Australian children and young people, or their representatives, can report cases of serious cyberbullying. The office also provides advice and resources on online safety specifically for women, and training to frontline workers to assist women and children at risk of family or domestic violence.



We assisted the Government with the recruitment and selection of the new eSafety Commissioner, who commenced on 16 January 2017. We prepared the *Enhancing Online Safety for Children Amendment Act 2017*, which commenced on 23 June, to expand the general functions of the then Children's eSafety Commissioner from online safety for children to online safety for all Australians, irrespective of age. The amendments also changed the title of the 'Children's eSafety Commissioner' to the 'eSafety Commissioner', to reflect the expanded functions, and changed the title of the *Enhancing Online Safety for Children Act 2015* to the *Enhancing Online Safety Act 2015*.

www.esafety.gov.au

Special Broadcasting Service Corporation (SBS)

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.

We advised on SBS policy and funding matters, the availability and rollout of SBS services, and SBS Board appointments.

www.sbs.com.au

Arts

Australia Council

The Australia Council's purpose is to champion and invest in Australian arts. It has a national leadership role in supporting and building Australia's arts ecology by fostering excellence in the arts and increasing national and international engagement with Australian art and artists.

We provided support to the Government through oversight of governance and policy matters relating to the Australia Council.

www.australiacouncil.gov.au

Australian Film, Television and Radio School (AFTRS)

AFTRS supports the development of a professional screen arts and broadcast culture in Australia, including through the provision of specialist industry-focused education, training and research.

We provided advice on screen policy and governance matters to the Government and AFTRS.

www.aftrs.edu.au



Australian National Maritime Museum (ANMM)

The ANMM seeks to increase knowledge, appreciation and enjoyment of Australia's maritime heritage through managing the National Maritime Collection and staging programs, exhibitions and events.

We provided support to the Government on matters relating to the ANMM's governance, funding and events, and appointments to its governing council.

www.anmm.gov.au

Bundanon Trust

The Bundanon Trust supports arts practice and engagement with the arts through its residency, education, and exhibition and performance programs. It also holds an extensive art collection of around 4,000 works, including a large collection of artworks gifted to the nation by Arthur and Yvonne Boyd. In preserving the natural and cultural heritage of its site, Bundanon Trust promotes the value of landscape in all our lives. It is a Commonwealth company limited by guarantee and a registered charity.

We provided advice to Bundanon Trust's governing board on matters relating to the organisation's governance, funding, heritage listing, events and appointments.

www.bundanon.com.au

Creative Partnerships Australia

The role of Creative Partnerships Australia is to foster a culture of private sector support for the arts in Australia to grow a more sustainable, vibrant and ambitious cultural sector for the benefit of all Australians.

The Government funds Creative Partnerships Australia to deliver coaching, mentoring and training services and matched funding programs that help artists and arts organisations secure private sector support.

We provided support to the Government through oversight of governance and policy matters relating to Creative Partnerships Australia.

www.creativepartnershipsaustralia.org.au

Museum of Australian Democracy at Old Parliament House (MOAD)

The role of MOAD is to promote the value of Old Parliament House as a significant heritage site while ensuring the building and heritage collections are conserved for future generations. The museum also plays a significant role in exploring and communicating the intrinsic value of democracy.

We provided support to the Government on matters relating to MOAD's governance, funding and events, and appointments to its governing board.

www.moadoph.gov.au

National Film and Sound Archive of Australia (NFSA)

The NFSA collects and preserves Australian film, recorded sound and broadcast, and their associated documents and artefacts. It shares the collection with audiences across Australia and overseas.

We provided support to the Government on matters relating to the NFSA's governance, funding and events, and appointments to its governing board.

www.nfsa.gov.au



National Gallery of Australia (NGA)

The NGA aims to increase understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally.

We provided support to the Government on matters relating to the NGA's governance, funding and events, and appointments to its governing council.

www.nga.gov.au

National Library of Australia (NLA)

The NLA aims to ensure that all Australians can access, enjoy and learn from a national collection that documents Australia's life and society.

We provided support to the Government on matters relating to the NLA's governance, funding and events, and appointments to its governing council.

www.nla.gov.au

National Museum of Australia (NMA)

The NMA develops and maintains a national collection of historical material, and increases awareness and understanding of Australia's history and culture.

We provided support to the Government on matters relating to the NMA's governance, funding and events, and appointments to its governing council.

www.nma.gov.au

National Portrait Gallery of Australia (NPGA)

The NPGA aims to increase the understanding and appreciation of the Australian people—their identity, history, creativity and diversity—through portraiture.

We provided support to the Government on matters relating to the NPGA's governance, funding and events, and appointments to its governing board.

www.portrait.gov.au

Screen Australia

Screen Australia promotes audience engagement and supports a creative, innovative and commercially sustainable screen industry through the funding and promotion of culturally diverse Australian screen product.

We provided advice on screen policy and governance matters to the Government and Screen Australia.

www.screenaustralia.gov.au