



Australian Government

Department of Infrastructure, Transport,
Regional Development and Communications

2020–21 Annual Report

Connecting Australians

Enriching Communities

Empowering Regions



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Empowering Regions



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Letter of transmittal



Australian Government

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

Simon Atkinson, Secretary

The Hon Barnaby Joyce MP
Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
Parliament House
CANBERRA ACT 2600

Dear Deputy Prime Minister

I am pleased to present the annual report for the Department of Infrastructure, Transport, Regional Development and Communications for the year ended 30 June 2021.

The report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) for your presentation to the parliament.

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

I certify:

- in accordance with section 17AG of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), that there were no significant issues of non-compliance notified during the reporting period, and
- in accordance with sections 10 and 17AG of the PGPA Rule, that fraud risk assessments and fraud control plans have been prepared and implemented; the department has in place appropriate fraud prevention, detection, investigation, recording and reporting mechanisms which meet the specific needs of the department; and all reasonable measures have been taken to deal appropriately with fraud relating to the department.

This report also includes information required by:

- paragraph 11.1(ba) of the Legal Services Directions 2017
- paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997
- section 29 of the *Air Navigation Act 1920*
- section 20 of the *Aircraft Noise Levy Collection Act 1995*
- section 94 of the *National Land Transport Act 2014*
- section 24Y of the *Australian Broadcasting Corporation Act 1983*
- section 47 of the *Protection of Movable Cultural Heritage Act 1986*
- schedule 2, part 4 of the *Work Health and Safety Act 2011*
- section 311A of the *Commonwealth Electoral Act 1918*, and
- section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

I have copied this letter to the Hon Paul Fletcher MP, Minister for Communications, Urban Infrastructure, Cities and the Arts; Senator the Hon Bridget McKenzie, Minister for Regionalisation, Regional Communications and Regional Education; the Hon David Littleproud MP, Minister for Agriculture and Northern Australia; the Hon Scott Buchholz MP, Assistant Minister for Road Safety and Freight Transport; the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories; and the Hon Kevin Hogan MP, Assistant Minister to the Deputy Prime Minister.

Yours sincerely

Simon Atkinson
1 October 2021

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Contents

	Letter of transmittal	iii
PART 1	Year in review	1
	2020–21 highlights	2
	Secretary's review	11
	Financial performance	14
PART 2	Departmental overview	19
	Departmental overview	20
	Executive	24
	Organisational structure	25
	The portfolio	28
PART 3	Management and accountability	31
	Corporate governance	32
	External scrutiny	37
	Human resources management	38
	Financial management	44
PART 4	Annual performance statements	51
	Statement of preparation	52
	Performance snapshot	53
PART 5	Financial statements	143



PART 6	Appendices	229
	Appendix A: Resource statements and expenses for outcomes	230
	Appendix B: Audit and Risk Committee members	240
	Appendix C: Employee statistics	243
	Appendix D: Executive remuneration	253
	Appendix E: Advertising and market research	257
	Appendix F: Ecologically sustainable development and environmental performance	258
	Appendix G: Work health and safety	259
	Appendix H: Australian Broadcasting Corporation Board	261
	Appendix I: Aviation legislation	262
	Appendix J: National land transport	263
	Appendix K: Legal services expenditure	264
PART 7	Reference material	265
	Glossary	266
	Abbreviations and acronyms	270
	List of requirements	272
	Alphabetical index	281



We work together
and with others
across the system to
achieve our objectives
and deliver for the
Australian Community

PART 1

Year in review

2020–21 highlights	2
Secretary's review	11
Financial performance	14

2020–21 highlights

Throughout 2020–21 the department, in collaboration with our 28 portfolio entities, has delivered more than \$13 billion of investments to support our objectives in the major infrastructure, transport, communications and arts sectors, connecting and linking Australians, enriching our communities and empowering our regions.

We have achieved this by engaging with our many stakeholders and making significant contributions through the changing phases of the COVID-19 pandemic, to deliver strategic policy advice and fit-for-purpose regulation and ensure COVID-safe programs and services are delivered appropriately to support all Australians in our regions, cities and territories. A number of these key achievements are outlined below, with the full extent of our contribution described in the performance statements in Part 4 of this report.

Infrastructure investment



Local Roads and Community Infrastructure Program

- > First announced in May 2020, the Local Roads and Community Infrastructure Program is delivering local road and community infrastructure outcomes across Australia. It supports jobs and the resilience of local economies to help communities through the COVID-19 pandemic. Over the first 2 phases, the program has approved more than 5,900 projects nominated by local councils, and delivered a broad range of projects including upgrades to local roads, bike paths, community halls, playgrounds, parks and sports facilities, including improved accessibility to public facilities.
- > Following this strong community and local government support, the Australian Government committed an additional \$1 billion to the program in the October 2020–21 Budget. A further \$1 billion was announced in the May 2021–22 Budget for Phase 3 of the program which will continue to enable Australia's economic recovery. This brings the total Australian Government commitment to the Local Roads and Community Infrastructure Program to \$2.5 billion.

Enhancing transport efficiency, access and safety

- > Through the Infrastructure Investment Pipeline, we spent over \$12 billion on land transport infrastructure in 2020–21. This supported a number of key infrastructure projects, including the New England Highway – Singleton Bypass in New South Wales (\$560 million), the Coomera Connector Stage 1 (Coomera to Nerang) in Queensland (\$750 million),

the Shepparton Rail Line Upgrade – Stage 3 in Victoria (\$320 million), and the Carpentaria Highway Upgrade in the Northern Territory (\$120 million).

- > The completion of WestConnex is expected to reduce travel times between Parramatta and Sydney's Kingsford Smith Airport by up to 40 minutes, bypassing 52 sets of traffic lights.
- > We invested over \$790 million towards road safety upgrades through 4 programs: Roads to Recovery; Black Spot; Bridges Renewal; and Heavy Vehicle Safety and Productivity, completing 2,682 projects.
- > We worked with state and territory road transport agencies to provide a national source of serious injury data by linking road crash and hospital data. This will be essential for effective monitoring of progress against a serious injury reduction target defined in the National Road Safety Strategy.

Supporting jobs in the Australian economy

- > Australian Government funded road and rail projects currently underway are expected to support 100,000 direct and indirect jobs over their lifetime.
- > In June 2020, the Australia Government announced a \$1.5 billion infrastructure stimulus package in response to COVID-19, including:
 - \$1 billion for shovel-ready projects that can commence within 6 months
 - \$500 million for targeted road safety works delivered by states and territories that can be completed within 12 months.
- > The NorthConnex project in New South Wales was completed in late 2020 and supported approximately 8,700 jobs.

Indigenous Employment and Supplier-use Infrastructure Framework

- > The framework aims to increase participation opportunities for Aboriginal and/or Torres Strait Islander job-seekers and businesses in the delivery of government-funded land transport infrastructure projects.
- > The framework introduces employment and procurement targets set at the local Aboriginal and/or Torres Strait Islander working age population rate, and is expected to offer opportunities in areas such as project management, environmental management, traffic management and landscaping in the construction of roads, rail and bridges.
- > Over 140 Indigenous Participation Plans have been approved, establishing targets for Aboriginal and/or Torres Strait Islander employment, and procurement for land transport infrastructure projects worth \$7.5 million or more in Australian Government funding.

Major transport and infrastructure projects



- > The Australian Government is funding Inland Rail between Melbourne and Brisbane in partnership with private sector investors. Through the 2020–21 mid-year economic and fiscal outlook (MYEFO), the Australian Government committed up to an additional \$5.5 billion in equity to the Australian Rail Track Corporation (ARTC) to support ARTC's delivery of Inland Rail by 2027. This takes the total Australian Government equity investment in ARTC to \$14.5 billion.
- > In 2020–21, the Australian Government provided ARTC with \$732.2 million in equity payments and \$8.3 million in grant funding to deliver Inland Rail.

Surface transport policy



- > The National Road Safety Strategy 2021–30 has been supported by infrastructure and transport ministers. The strategy includes 2030 targets of a 50% reduction in fatalities down to fewer than 571, and an interim 30% reduction in serious injuries down to fewer than 29,000.
- > The department worked with the states and territories to develop the National Urban Freight Planning Principles, agreed by the infrastructure and transport ministers in May 2021. The principles will be used to guide decision-making across all levels of government to improve planning for freight in Australia's metropolitan areas.
- > We facilitated the Land Transport COVID Group and the Maritime Response Group, to address COVID-19 impacts in these sectors. This included assisting with the development of the Freight Movement Code to keep freight moving across domestic borders throughout the COVID-19 pandemic.
- > In 2020–21, the Australian Government provided \$165.4 million in assistance under the Tasmanian Freight Equalisation Scheme and \$36.9 million in rebates under the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES). To support tourism in Tasmania, between 1 March and 30 June 2021 higher rebates under the BSPVES were received by 47,233 eligible passenger vehicles.
- > We worked with state, territory and local governments to develop and publish an implementation pathway for Heavy Vehicle Road Reform, as agreed by infrastructure and transport ministers. The reforms will deliver a system that is more responsive to the needs of road users through enhanced transparency and accountability.

Aviation



- > The COVID-19 pandemic has created enormous challenges, and continues to deeply impact the aviation sector. We supported the sector through the most difficult 12 months in aviation history. To 30 June 2021 \$4.5 billion was made available in timely, targeted and proportionate support to the sector, maintaining domestic services and connectivity. We continued to underpin international aviation operations including managing and maintaining passenger caps, which played a vital role in assisting returning Australians and enabling critical air freight services.
- > To support Australians living in remote areas, the Australian Government funded regular air services for passengers and/or freight to 268 remote communities at a cost of \$13.4 million. This connected 124 locations, including 113 regional or remote airports. These services provide access for these communities to health care and deliveries of fresh food, educational materials, medicines and other urgent supplies despite lockdowns, border closures and travel restrictions.
- > During 2020–21 the Australian Government established a safe travel zone with New Zealand, permitting quarantine-free travel between the countries while minimising the health risk to the community. We continue to contribute to whole-of-government discussions on the potential for expansion of international arrangements with other very low-risk countries and cohorts, when health advice indicates it is safe to do so.
- > Construction of the Western Sydney International (Nancy-Bird Walton) Airport is progressing and is on track to open in 2026. The Australian Government has committed up to \$5.3 billion in equity to deliver the airport via a government-owned company, Western Sydney Airport (WSA) Co Limited.

Territories



- > The department's Jervis Bay Territories Operations staff worked with local emergency agencies, Parks Australia and the Department of Defence to respond to a bushfire in the Commonwealth-administered Jervis Bay Territory that threatened parkland and houses in Wreck Bay on Australia Day 2021. The local Jervis Bay Territory Emergency Management Committee was created and the Booderee National Park quickly closed, with visitors evacuated as a precaution. The fire damaged around 340 hectares of bushland and electrical infrastructure, but was brought under control within 24 hours due to the combined efforts of the department and its partner agencies.

- > Emergency management arrangements are in place across non-self-governing territories that provide the prevention, preparedness and response arrangements for COVID-19 where no positive cases have been recorded in the communities. In the event of an outbreak those emergency management arrangements, including roles and responsibilities, would be activated. The department has provided significant input and support to emergency management committees and response agencies to ensure a well-planned and coordinated response would be possible.
- > The department has contributed \$13.5 million stimulus for shovel-ready, targeted infrastructure and tourism projects in support of local business and the economy across the external territories affected by COVID-19.
- > The department is represented on an inter-departmental committee for the implementation of the COVID-19 vaccination program across Australia to ensure the non-self-governing territories were factored into planning. This representation assisted with securing enough vaccine to conduct whole-of-community vaccination programs for all residents of the territories aged 12 years and above.
- > The department worked closely with state and Commonwealth partners to further improve the quality of health services available through the Commonwealth-funded Norfolk Island Health and Residential Aged Care Services. Improvements included increased availability of specialist services, recruitment of senior staff and establishment of an advisory council to strengthen governance of the service.
- > The new *Territories Legislation Amendment Act 2020* made further improvements to the governance frameworks in the territories, bringing the regulation of companies, bankruptcy, broadcasting and education services for overseas students in the external territories into line with the rest of Australia.
- > Critical air passenger links to the external territories continued, despite disruptions related to COVID-19.
- > Air freight providers increased services to deliver goods critical for external territories residents, visitors and businesses.

Regional development, local government and regional recovery



- > We continued to provide funding for small capital projects that deliver social benefits across Australia through the Stronger Communities Program. By 30 June 2021 we had expended \$121.8 million on 12,885 contracted projects, 10,330 of which are complete.

- > We continue to administer the \$2.6 billion Financial Assistance Grants Program. In accordance with the program we are providing quarterly instalments to state and territory governments for immediate distribution to local governing bodies for local priorities, improving their capacity to provide an equitable level of services.
- > Using the local knowledge, experience and expertise of the Regional Development Australia (RDA) network, the department established a new regional intelligence gathering process in 2020–21, which supported the government's imperative to monitor and respond to the regional impacts of COVID-19. Teleconferences, chaired by Assistant Minister Marino, were initially held 3 times per week and intelligence gathered was shared on the same day with Commonwealth, state and territory policymakers to inform the development of COVID-19 response measures.
- > We coordinated delivery of the \$1 billion Relief and Recovery Fund supporting industries affected by COVID-19, including aviation, agriculture, fisheries, tourism and the arts. This includes delivery of 7 Regional Recovery Partnerships and advanced negotiation of 3 partnerships in close consultation with state and local governments. The partnership projects were identified from existing community and recovery plans to help the regions avoid some of the worst of the earlier impacts of COVID-19.
- > The Building Better Regions Fund Round 4 has already seen 152 new projects contracted, which are supporting the future growth and prosperity of drought-affected regions. Over \$9 million of funding has already been expended for the round. This is helping regional communities and businesses that have been disproportionately affected by drought, bushfires and the COVID-19 pandemic towards the path to economic recovery.

Online safety, media and platforms



- > The new *Online Safety Act 2021* expands the scope of the eSafety Commissioner to cover adult cyber abuse and introduces significant tools that can be used to make digital platforms and other technology businesses improve online safety for their users.
- > The department administered the Public Interest News Gathering (PING) program, which provided \$68.3 million to 108 regional publishers and broadcasters to support their public interest news journalism during the COVID-19 pandemic.
- > A significant media reform process was initiated with the release of a green paper in December 2020. This process will help to re-shape and reform Australia's media landscape to enable all Australians to continue to access a wide range of services providing quality news and entertainment content.

Communications services and consumer



- > The department worked closely with stakeholders including Telstra (as operator of the Emergency Call Service), emergency service organisations and carriers to introduce Advanced Mobile Location (AML) to the Triple Zero Emergency Call Service. AML enables mobile phones to send GPS location coordinates when a call to Triple Zero is made. In the 2020–21 year, 21 of 24 emergency service organisations commenced receiving AML data with Triple Zero calls. The remaining emergency service organisations will be receiving AML data by the end of the first quarter of 2021–22.
- > In 2020–21, the Australian Government continued improving mobile coverage and competition across Australia through its \$380 million commitment to the Mobile Black Spot Program, with 938 new base stations on air at 30 June 2021. The government's commitment has generated a total investment of \$876 million.
- > Round 1 of the Regional Connectivity Program has committed \$117.4 million in Commonwealth funding for 132 place-based high-speed broadband and mobile projects across Australia, providing regional communities with significant upgrades to voice and data services.

Communications infrastructure



- > The department has continued to administer policies and programs to support effective communications services across Australia.
- > The Australian 5G Innovation Initiative provides grants to support businesses to test productivity-enhancing applications of 5G. Due to the very strong response to the grants program announced in September 2020, funding was brought forward from the 2022–23 financial year bringing the total available funding in 2020–21 to \$20 million. The 19 successful projects will receive grants in 2021–22 to fund trials in the agriculture, construction, manufacturing, transport, and education and training sectors.
- > The department supported the passage and commencement of legislative reforms to streamline and modernise the spectrum management framework, and supported ministerial decisions to facilitate critical 5G spectrum allocations (including decisions on key auction settings for the 26 GHz spectrum auction which concluded in April 2021, and for the 850/900 MHz auction which is planned for later in 2021).
- > We commenced the \$37.1 million Strengthening Telecommunications Against Natural Disasters (STAND) program. STAND will be delivered over 2 years to fund more temporary telecommunications facilities,

a Mobile Network Hardening Program, additional National Broadband Network (NBN) Sky Muster satellites and a public awareness campaign, to better support communications in times of natural emergencies.

- > The department updated settings for the \$19.5 billion Commonwealth Loan Agreement with NBN Co Limited (NBN Co), to agree a refinancing framework within which NBN Co can approach debt markets efficiently and raise private debt while protecting the Commonwealth's interests. As a result, NBN Co has repaid \$6.3 billion on the Commonwealth loan over the reporting period.
- > We provided advice on assessment criteria for NBN Co to address in order for the Minister for Communications to evaluate whether the NBN should be treated as built and fully operational. As a result, the Minister for Communications subsequently declared on 11 December 2020 that the NBN should be treated as built and fully operational.
- > We also supported the government in the evaluation of NBN Co business cases for its \$4.5 billion network investment plan. This resulted in NBN Co announcing in its 2021 corporate plan network upgrades to provide 75% of premises connected to its fixed line network with speeds up to 1 gigabit per second by 2023. These upgrades also allowed the establishment of 240 Business Fibre Zones enabling around 700,000 businesses access to central business district (CBD) equivalent pricing for enterprise fibre services.

Creativity and culture



- > We supported the arts, entertainment and screen sectors through the challenges of COVID-19 by facilitating over \$345 million of additional Australian Government support in 2020–21, primarily through the \$250 million JobMaker plan to restart Australia's creative economy.
- > The Restart Investment to Sustain and Expand (RISE) fund was announced as a \$75 million fund as part of the JobMaker plan, with an additional \$125 million subsequently allocated. Already, \$100 million, the full allocation for 2020–21, has been committed for 242 projects, which are expected to generate around 89,000 jobs and reach audiences of around 26 million.
- > The COVID-19 Arts Sustainability Fund was announced as part of the JobMaker plan. As at 30 June 2021 \$16.2 million of the fund's total \$35 million was committed to 10 leading arts organisations. It has provided 'last resort' funding assistance to significant Australian Government funded arts organisations at imminent risk due to COVID-19 that have taken all reasonable action to maintain their financial position.

These organisations support cultural expression, reflect unique Australian experiences and stories, are key employers of Australian artists and art workers, and are the training ground of Australia's upcoming performing artists. They are also the leading presenters of high-quality work to audiences across Australia. The fund has been extended to 2021–22 with applications closing on 31 May 2022, subject to available funding.

- > The Location Incentive is designed to attract international screen productions to locate to Australia. This measure in 2020–21 totalled more than \$103 million for 13 productions. Together, these productions are expected to generate around \$766 million of expenditure in Australia, more than 4,600 jobs for cast and crew, and over 15,000 jobs for extras, and use the services of over 5,800 Australian businesses. In addition, the government's \$50 million Temporary Interruption Fund enabled 60 Australian film and television projects to secure financing and start filming with COVID-safe plans.
- > Under the National Performing Arts Partnership Framework, 8 new entrants were introduced, bringing the total number of partnership organisations to 38. This will see the highest level of Australian Government investment under the framework to date with \$485 million flowing to the organisations over the next 4 years (2021–2024).
- > The National Cultural Heritage Account assisted the Australian National Maritime Museum acquire historical items related to Operation Jaywick, which was an allied commando raid against Japanese shipping in Singapore Harbour in September 1943. The items included a faux Japanese flag, medals belonging to Lieutenant Hubert Edward 'Ted' Carse, and a knife. Lieutenant Carse commanded the MV Krait during the mission.
- > Four pre-Columbian figurines were handed over to the Ambassador of Mexico on 11 November 2020 under the *Protection of Movable Cultural Heritage Act 1986*. The objects were seized by an inspector under the Act following their unlawful import into Australia and interception by the Australian Border Force. They were exported from Mexico in contravention of its cultural property laws.

Secretary's review

I am pleased to deliver the second annual report of the Department of Infrastructure, Transport, Regional Development and Communications. Through 2020–21, the department continued to deliver against our 5 purposes:

- > Supporting an efficient, sustainable, safe and accessible transport system
- > Improving living standards and facilitating economic growth in cities and regions across Australia
- > Providing governance frameworks and services in the territories
- > Enabling all Australians to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth
- > Supporting sustainable and inclusive creative and cultural sectors, and protecting and promoting Australian content and culture.

We delivered against these purposes while also meeting, and responding to, the unique challenges presented by the ongoing COVID-19 pandemic.

The department is committed to:

Connecting and linking all Australians – Supporting reliable, safe and efficient aviation, shipping, road, rail, media and communications sectors. Designing the policy framework that supports the delivery of safe, secure, high-quality and accessible online environments and telecommunication services for all Australians no matter where they live. Facilitating freight and passenger movement, and connecting Australian businesses and consumers with domestic and international markets.

Enriching our Communities – Creating productive, liveable and vibrant cities and regions. Supporting a thriving arts sector and embedding Australian stories and identity in our cultural experiences. Protecting and celebrating Aboriginal and Torres Strait Islander culture, heritage and language. Enabling communities to access local voices and stories, and ensuring a safe, rich and trusted digital environment for all Australians.

Empowering our Regions – Stimulating growth, creating jobs and maximising economic opportunities and community amenities across regional Australia. Supporting good governance and better access to services in the territories. Increasing water capacity in our regions to support sustainable economic development, infrastructure, tourism and agriculture. Creating opportunities for people to access reliable phone and internet services so they have choices about where to live and work, and growing equality of opportunity.

The COVID-19 pandemic and its wide-reaching impacts have stretched public policy making and delivery all over the world. I am proud of the ongoing commitment and professionalism of our people, ensuring – throughout this period of disruption – the department has supported Australia. We will continue to safeguard and support Australia's regions, cities and territories, with a focus on the infrastructure, transport, communications, creative and cultural sectors, positioning them to recover through each stage of the pandemic and operate effectively, as the 'new normal' is gradually established.

Throughout the past year we have continued to work to deliver essential ongoing functions, COVID-19 response measures and business-as-usual activities. It is important, therefore, to recognise all of the significant outcomes delivered by the dedicated staff in my department during 2020–21.

The achievements described throughout this report evidence the quality of the work undertaken by our people every day, contributing to outcomes, connecting all Australians, enriching our communities and empowering our regions. This has not been achieved alone, but with the support of and collaboration with our portfolio entities, industry partners, the Australian Government, the states and territories, international organisations and of course the Australian community.

During 2020–21 there was some temporary reprieve from the impacts of COVID-19, with some industry sectors recovering, returning, restructuring or rebuilding to a 'new normal', although in many cases this has been short lived. The annual performance statements at Part 4 of this report reflect the impacts of this rapidly changing environment.

Outlook

The continuing impacts of COVID-19 had an effect on activities in this reporting period and will continue to influence results. When the immediate impact of the pandemic recedes, focus will shift to recovery and adjustments in how we deliver the Australian Government's agenda, in a new way of living and working.

The post-pandemic world will demand many different things from governments and the public service than the world that went into the pandemic. There will be some trends, however, that will remain the same, even if the speed of the trends has been altered by the pandemic. While time, technology, people, governments and the world changes, the fundamentals of infrastructure investment do not.

The need for connectivity in all its forms remains strong and essential for Australia's wellbeing and prosperity. We will continue to work on stewarding key markets to keep Australians connected to the world and to each other. This includes transport markets, communications and media as well as freight and postal markets.

Sound infrastructure investment, and the associated long-term productivity and social benefits achieved, will help drive economic growth and wellbeing – an essential part of countering an economic downturn – empowering our regions.

Strong creative and cultural industries are critical to both economic growth and a cohesive society, even more so during the pandemic. We will continue to support inclusiveness and growth in Australia's creative sector, protecting and promoting Australian content and culture, which enriches our communities.

The department will continue to be committed to our role and contribution to delivering and designing the infrastructure response to the ongoing pandemic. This includes major transport infrastructure, water infrastructure, and digital infrastructure such as the NBN. It also includes projects in cities and regional infrastructure networks, such as road safety works. Through these activities, we will support economic recovery to meet the demands of a growing and mobile population now and over the longer term.

In closing

I acknowledge and thank my departmental team, our portfolio, industry and other stakeholders, and state and territory partners for their vital contributions during 2020–21. I look forward to continuing to work with you all over the coming year, supporting delivery of the Australian Government's recovery agenda, by providing strategic policy advice; fit-for-purpose regulation; and delivery of programs, projects and services in the major infrastructure, transport, communications and arts sectors, supporting our regions, cities and territories.

I am confident we will continue leveraging significant resources and expertise to generate lasting and long-term benefits for all Australians.

Simon Atkinson

Secretary

Financial performance

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

This section should be read in conjunction with the department's audited financial statements in Part 5 of this report.

Departmental finances

The department reported an operating surplus of \$6.5 million in 2020–21, which equates to an operating surplus of \$21.3 million after adjusting for depreciation and amortisation, and lease expenses under the Australian Accounting Standard AASB 16 Leases. The surplus is largely due to lower than budgeted employee expenses and the effect of changes in the 10-year government bond rate on the long service leave provision balance at 30 June 2021.

Departmental expenses decreased by \$34.4 million mainly due to the payment of Drought Communities Programme Extension grants from departmental appropriations in the previous financial year (refer to Note 1.1C of the financial statements).

Changes to the Statement of Financial Position (Balance Sheet) are mainly due to an increase in appropriations receivable as a result of the operating surplus and a decrease in lease liabilities associated with property leases under AASB 16.

Table 1.1 Summary of departmental financial performance and position (\$ million)

	Total		Change from last year
	2019–20	2020–21	
Revenue from government	364.6	366.8	2.2
Own-source revenue	14.3	16.3	2.0
Gains	1.3	0.2	(1.1)
Total income	380.2	383.3	3.1
Employee and supplier expenses	327.0	329.5	2.5
Grants and contributions	46.5	9.1	(37.4)
Depreciation and amortisation	34.5	35.9	1.4
Other expenses	3.3	2.3	(1.0)
Total expenses	411.2	376.8	(34.4)
Surplus (Deficit) attributable to the Australian Government	(29.7)	6.5	36.2
Plus non-appropriated depreciation and amortisation expenses	34.5	35.9	–
Minus principal repayments – leased assets	(20.8)	(21.1)	–
Operating result (Loss) attributable to the agency	(15.9)	21.3	37.4
Financial assets (A)	144.2	168.3	24.1
Non-financial assets (B)	252.1	235.8	(16.3)
Liabilities (C)	246.0	226.2	(19.8)
Net assets – A + B - C	150.4	177.9	27.5

Administered finances

Total administered expenses of \$10.8 billion represent an increase of \$2.6 billion from last year, mainly due to increases in subsidy and grant expenditure. Administered expenses reported by the department do not include funds paid to states and territories under National Partnership Agreements, which are reported by the Department of the Treasury.

Subsidy expenses increased by \$1.6 billion due to the ongoing government support to the domestic airline industry as part of the COVID-19 emergency response and the recognition of an estimated payment to the eligible funding recipient, NBN Co, under the Regional Broadband Scheme (RBS). The RBS started on 1 January 2021.

Grant expenses increased by \$865.9 million, largely due to the commencement of the Local Roads and Community Infrastructure Program in 2020–21.

Major expense items reported by the department in 2020–21 were:

- > Local Government Financial Assistance Grant payments (\$2.6 billion)
- > Payments to corporate Commonwealth entities (\$2.0 billion)
- > Local Roads and Community Infrastructure Program (\$835.2 million)
- > Waiver of Airservices Australia charges to domestic airlines (\$653.2 million)
- > Roads to Recovery (\$592.1 million)
- > Regional Broadband Scheme (\$334.5 million)
- > Domestic Aviation Network Support Program (\$201.5 million)
- > Community Development Grants Program (\$198.7 million)
- > Building Better Regions Fund (\$158.2 million)
- > Domestic aviation security rebate (\$148.7 million)
- > Regional Airline Support Network (\$113.3 million).

Administered income increased by \$72.6 million mainly from increased dividends revenue due to 2019–20 interim dividends not being declared until after 30 June 2021.

Assets administered on behalf of the Australian Government decreased by \$2.0 billion. This was due to loan principal repayments of \$6.3 billion, mainly against the NBN loan facility and offset by increases in the value of administered investments by \$3.9 billion.


Administered non-financial assets reduced by \$56.4 million mainly due to a decrease of \$24.6 million in the value of property, plant and equipment and the reclassification of land held at Bringelly in Western Sydney from 'land and buildings' to 'assets held for sale'.

Administered liabilities increased by \$434.6 million mainly due to:

- > an increase in subsidies payable of \$41.7 million as a result of the timing of expenses for COVID-19 aviation support measures
- > an increase in grants payable of \$50.2 million, resulting in the fluctuation in the timing of grant milestones and payments for various grant programs
- > an increase in provisions of \$337.7 million, mainly as a result of the recognition of an estimated payment to the eligible funding recipient, NBN Co, under the RBS.

Table 1.2 Summary of administered financial performance and position (\$ million)

	Total		Change from last year
	2019–20	2020–21	
Taxation revenue	38.9	14.8	(24.1)
Non-taxation revenue	1,060.9	1,197.7	136.8
Gains	46.1	6.0	(40.1)
Total income	1,145.9	1,218.5	72.6
Employee and supplier expenses	559.1	576.0	16.9
Subsidies	832.5	2,459.3	1,626.8
Grants	4,794.0	5,659.9	865.9
Depreciation and amortisation	61.4	56.9	(4.5)
Payments to corporate Commonwealth entities	1,989.8	2,060.4	70.6
Other expenses	35.8	18.2	(17.6)
Total expenses	8,272.6	10,830.7	2,558.1
Financial assets (A)	53,446.1	51,256.3	(2,189.9)
Non-financial assets (B)	897.1	840.7	(56.4)
Assets held for sale (C)	–	265.4	265.4
Liabilities (D)	541.4	976.0	434.6
Net assets – A + B + C - D	53,801.8	51,386.4	(2,415.4)



We create diverse
teams and a respectful
and inclusive culture that
supports high performance,
innovation and the
wellbeing of all people

PART 2

Departmental overview

Departmental overview	20
Executive	24
Organisational structure	25
The portfolio	28

Departmental overview

Ministers

During 2020–21 the Department of Infrastructure, Transport, Regional Development and Communications was accountable to the following ministers.

- > the Hon Barnaby Joyce MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development (from 22 June 2021)
- > the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development (to 22 June 2021)
- > the Hon David Littleproud MP, Minister for Agriculture, Drought and Emergency Management
- > the Hon Paul Fletcher MP, Minister for Communications, Cyber Safety and the Arts, and from 22 December 2020, Minister for Communications, Urban Infrastructure, Cities and the Arts
- > the Hon Alan Tudge MP, Minister for Population, Cities and Urban Infrastructure (to 22 December 2020)
- > the Hon Mark Coulton MP, Minister for Regional Health, Regional Communications and Local Government
- > the Hon Andrew Gee MP, Minister for Decentralisation and Regional Education
- > the Hon Scott Buchholz MP, Assistant Minister for Road Safety and Freight Transport
- > the Hon Kevin Hogan MP, Assistant Minister to the Deputy Prime Minister
- > the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories.

Accountable authority

Simon Atkinson, Secretary of the Department of Infrastructure, Transport, Regional Development and Communications, was the department's accountable authority for the period of this report.

Role and functions

The department's role is to achieve our purposes and deliver results through:

- > **Providing policy and strategic advice** – We provide the Australian Government with high-quality, apolitical, strategic options and policy advice on infrastructure, transport, northern Australia and regional development, cities, territories, communications, arts and related cultural matters. Our advice is evidence-based and informed by research, consultation, analysis and broader government objectives. We identify trends, gaps and emerging issues and risks in markets and society to provide high-quality strategy and policy advice.
- > **Delivering programs and services** – We deliver efficient and effective programs and services to achieve the government's policy outcomes. We adhere to high standards of integrity and public administration. We seek to continuously balance risk and opportunity to achieve better outcomes.
- > **Fit-for-purpose regulation** – We administer portfolio legislation efficiently and effectively by taking a risk-based, collaborative and data-driven approach, to reviewing and shaping our regulatory settings. We work to continuously improve our regulatory performance and we seek to ensure our regulation incentivises appropriate investment and is fit for purpose now and into the future.

Mapping our purposes to outcomes and programs

We worked to achieve our 5 purposes through 6 outcomes and 10 programs outlined in the 2020–21 Portfolio Budget Statements. This relationship is mapped in Figure 2.1.

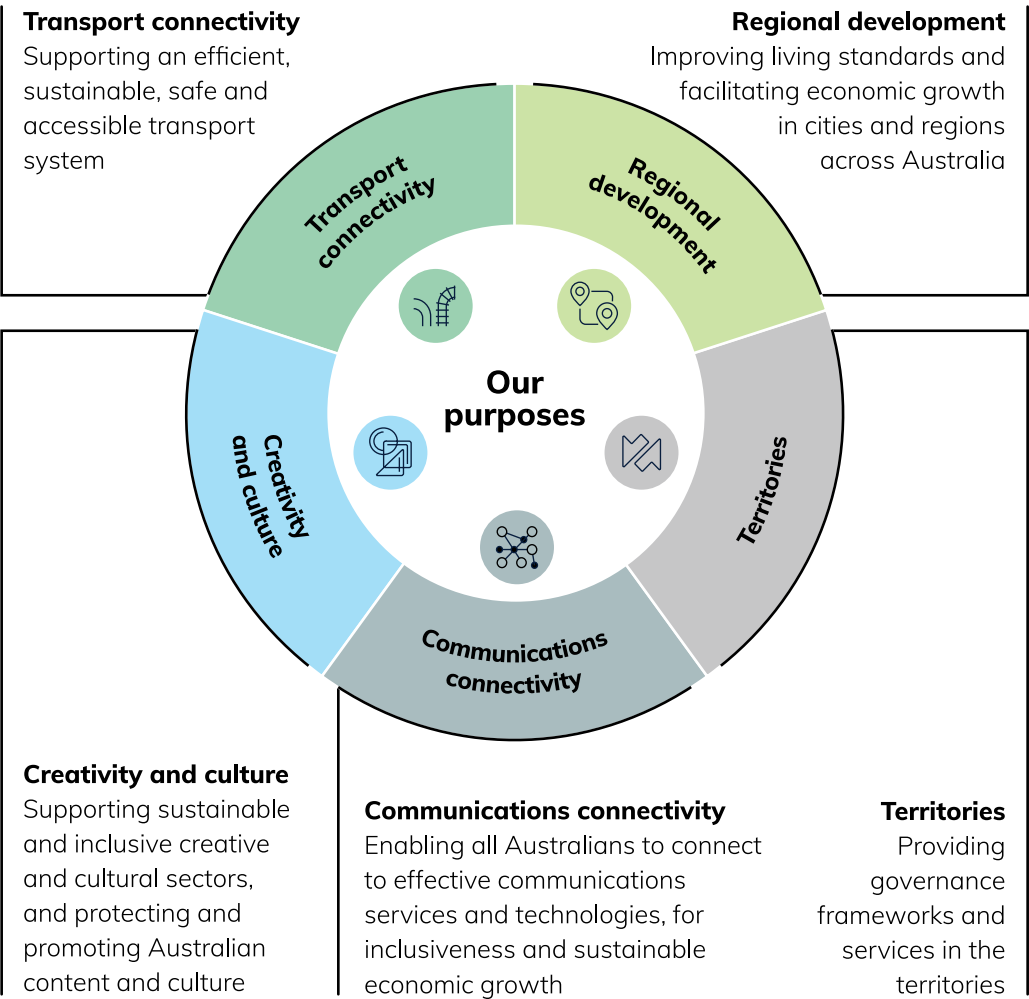
Figure 2.1 Mapping purposes, outcomes and programs

Connecting Australians + Enriching our communities + Empowering our regions

Our role

Our work touches every Australian community and underpins our economy and society. We provide policy and strategic advice to government, and deliver programs, services and fit-for-purpose regulation for infrastructure, communications, the arts, transport, our regions, our cities and our territories.

Our purposes



Outcome 1



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

1.1 Infrastructure Investment

Outcome 2



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

2.1 Surface Transport
2.2 Road Safety
2.3 Air Transport

Outcome 3



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

3.1 Regional Development
3.2 Local Government
3.3 Cities

Outcome 4



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

4.1 Services to Territories

Outcome 5



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

5.1 Digital Technologies & Communications Services

Outcome 6



Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

6.1 Arts & Cultural Development

Executive

Members of our Executive team from 1 July 2020 to 30 June 2021:

Name	Position
Simon Atkinson	Secretary
Christine Dacey	Chief Operating Officer (from 31 May 2021) Deputy Secretary, Transport (to 30 May 2021)
Pip Spence PSM	Chief Operating Officer and Deputy Secretary, Arts (to 7 May 2021)
Richard Windeyer	Deputy Secretary, Communications and Media
Dr Stephen Arnott PSM	Acting Chief Operating Officer and Deputy Secretary, Arts (10 May to 31 May 2021), Acting Deputy Secretary, Creative Economy and the Arts (from 31 May 2021)
Diane Brown	Acting Deputy Secretary, Transport (from 31 May 2021)
Dr Rachel Bacon	Deputy Secretary, Regional, Cities and Territories
Brendan McRandle PSM	Deputy Secretary, Water Infrastructure Chief Executive Officer, National Water Grid Authority
David Hallinan	Deputy Secretary, Infrastructure



The Executive team (from left to right): Brendan McRandle, Diane Brown, Stephen Arnott, Richard Windeyer, Rachel Bacon, Simon Atkinson, Christine Dacey and David Hallinan.

Artwork from the Artbank Collection, acquired 2011. Alec Baker, Peter Mungkuri, Kunmanara (Whiskey) Tjukangkku. Ngura (Country), 2011. Synthetic polymer on canvas.

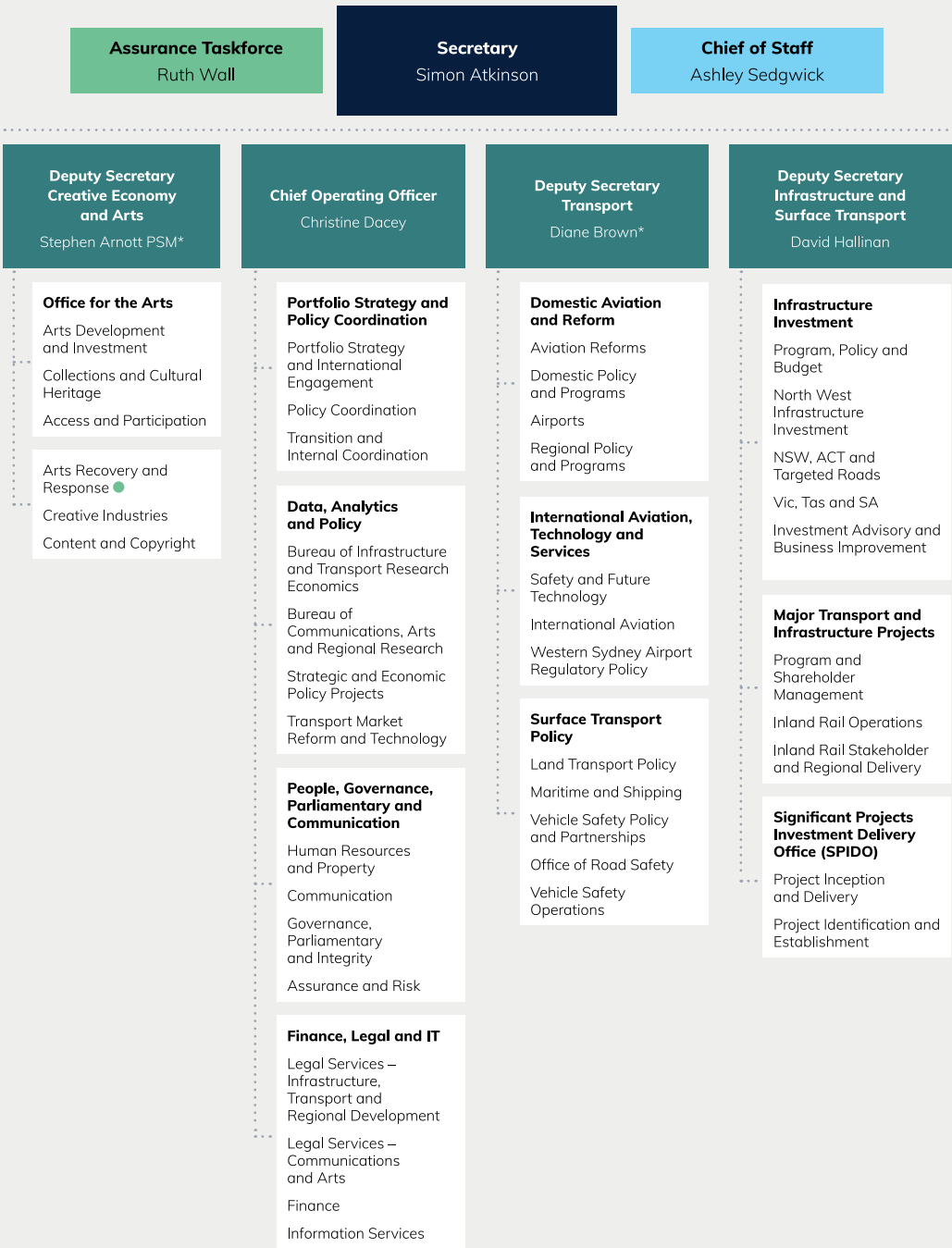
Organisational structure

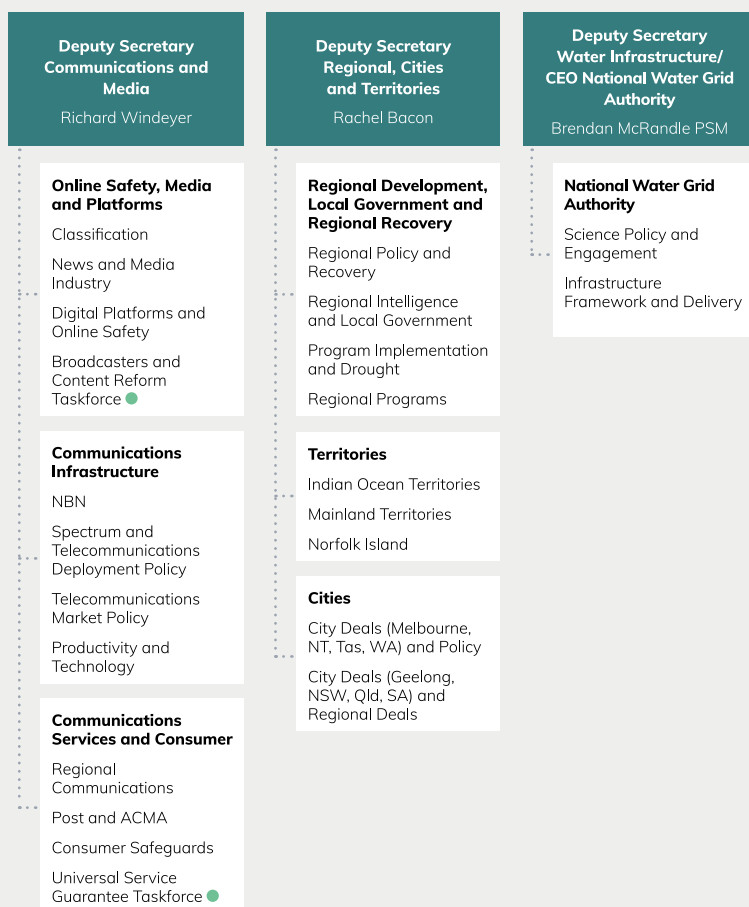
In April 2020, a temporary COVID-19 response organisational structure was established, allowing the department to position itself to immediately respond and prioritise both internally and across the Australian Public Service, while continuing to deliver critical services, and safety and regulatory functions.

This structure continued to adapt through to early 2021, with the department moving to a formal structure, embedding support and recovery aspects into business as usual to meet the rapidly changing environment and circumstances.

At 30 June 2021, the department comprised 18 divisions organised into 7 groups.

Figure 2.2 Organisational chart at 30 June 2021





* Denotes acting

● Taskforce

The portfolio

Entities comprising the portfolio at 30 June 2021 are as follows:

Arts

Australia Council
Australian Film, Television and Radio School
Australian National Maritime Museum
Bundanon Trust
Creative Partnerships Australia
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

Communications and media

Australian Broadcasting Corporation
Australian Communications and Media Authority
Special Broadcasting Service

Infrastructure

Airservices Australia
Australian Maritime Safety Authority
Australian Transport Safety Bureau
Civil Aviation Safety Authority
Infrastructure Australia
National Capital Authority
National Faster Rail Agency
National Transport Commission
North Queensland Water Infrastructure Authority

Australian Government business enterprises in the portfolio at 30 June 2021:

Communications

Australian Postal Corporation (Australia Post)

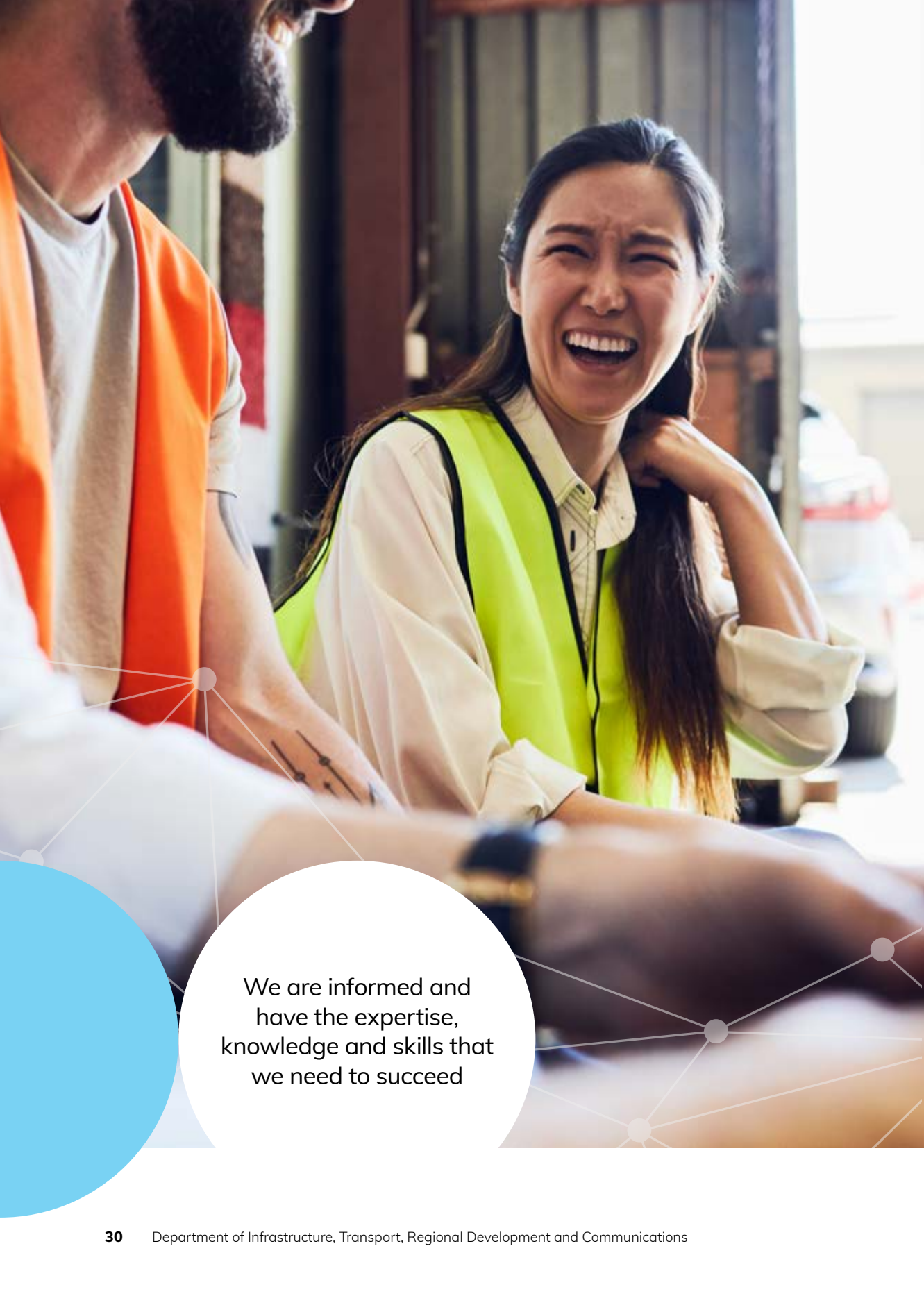
NBN Co Limited

Infrastructure

Australian Rail Track Corporation Limited

Moorebank Intermodal Company Limited

WSA Co Limited



We are informed and
have the expertise,
knowledge and skills that
we need to succeed

PART 3

Management and accountability

Corporate governance	32
External scrutiny	37
Human resources management	38
Financial management	44

Corporate governance

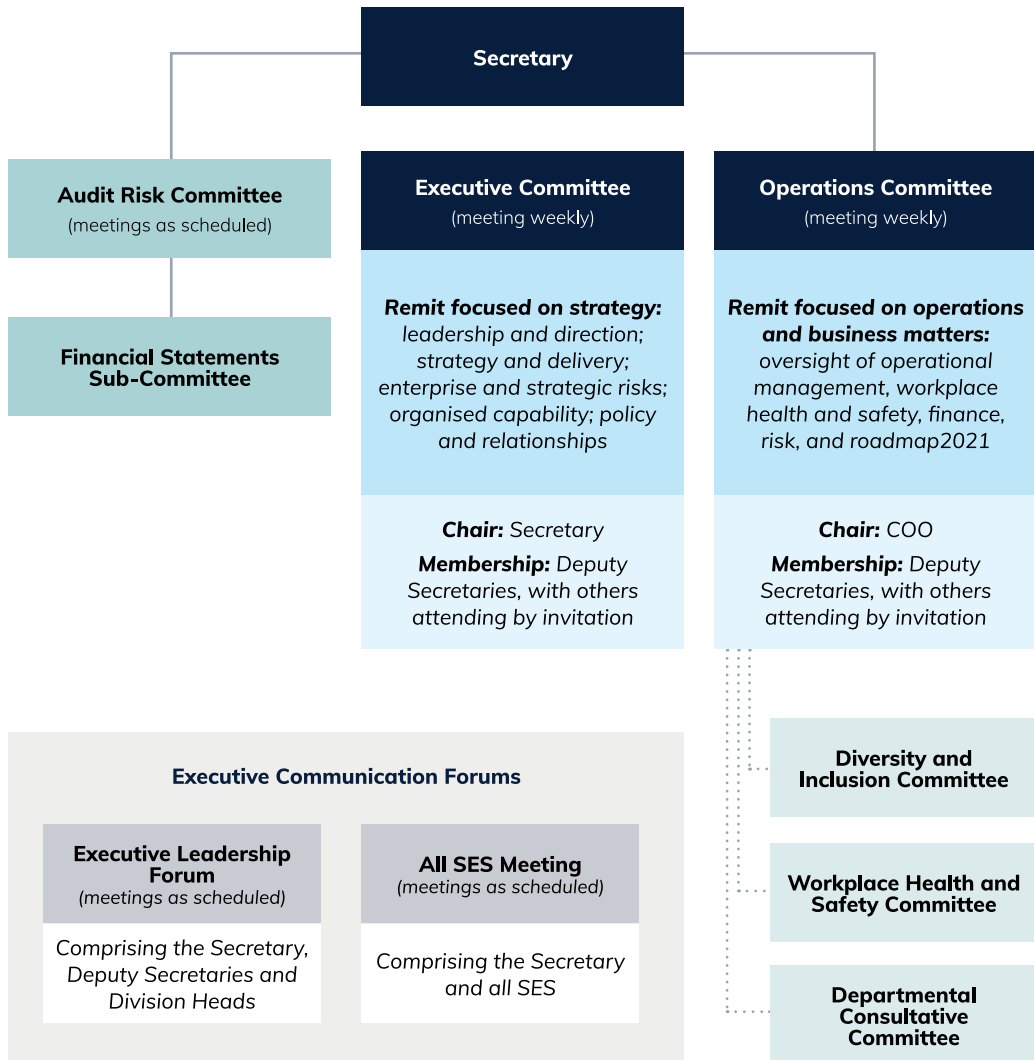
The department's governance framework enables us to practise good governance and meet our performance and accountability requirements. Good governance to us means:

- > providing strategic direction and supporting clarity of purpose
- > optimising performance to ensure objectives are achieved
- > managing enterprise risks and organisational priorities
- > promoting integrity and accountability and providing assurance
- > building organisational capability and culture, and driving continuous improvement
- > enhancing outcomes by promoting engagement from a diversity of voices
- > embracing the principle of 'fit for purpose' and being responsive to the operating environment.

Governance committees

The department's governance committees oversee key areas of our strategy and operations, and support the Secretary in their role as the accountable authority. The department has 3 governance committees – the Executive Committee, Operations Committee, and Audit and Risk Committee – under which other committees sit.

Figure 3.1 Governance committee structure at 30 June 2021



Executive Committee

The Executive Committee comprises the Secretary (as chair) and all Deputy Secretaries. The committee provides a forum for the Executive to consider matters of strategic importance, culture, risk, direction setting and stakeholder relationship matters.

Operations Committee

The Operations Committee comprises all Deputy Secretaries, and is chaired by the Chief Operating Officer. It is the decision-making body for day-to-day departmental business and operational matters.

The committee acts in an advisory capacity for those matters requiring a decision by the Secretary, including in the Secretary's role as the accountable authority. The committee will refer such matters to the Secretary with recommendations for consideration. The committee may also refer matters for further discussion to the Executive Committee, by exception, to support the Secretary.

Audit and Risk Committee

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

The committee operates under a charter compliant with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The charter is available at www.infrastructure.gov.au/departments/about/audit-risk-committee-charter.

The independent chair of the committee is Mr Geoff Knuckey. The committee comprises 5 independent members and 2 departmental members. The Audit and Risk Committee met 6 times and the Financial Statements Sub-Committee also met 6 times during 2020–21.

Information on members, including qualifications and remuneration, is available at Appendix B.

Planning and reporting

The 2020–21 Corporate Plan for the department was published in August 2020, and covers the 4 years from 2020–21 to 2023–24.

Corporate planning informs the strategic annual business plans for each division. At regular times during each year, meetings are held between divisional senior executive service (SES) employees and the Executive to discuss progress against the business plans.

Risk management

The department has an integrated approach to risk, which is managed through monitoring and reporting as part of our business planning and review processes.

Risks are considered and managed at different levels. Enterprise and high-level program risks are reviewed regularly by the Executive, and monitored by the Audit and Risk Committee.

The department's Risk Management Policy and Framework provides guidance to staff on engaging with risk. The Policy and Framework was reviewed and updated in 2020–21 and aligns with the Commonwealth Risk Management Policy. The Policy and Framework includes risk appetite and tolerance statements, providing guidance on the level of risk the department is willing to accept or retain to achieve our purposes, outcomes and responsibilities.

A Risk Champion was appointed at the Deputy Secretary level and is supported by the Chief Risk Officer. A new Assurance and Risk Branch was developed to bolster the department's audit and risk capability and enhance the department's positive risk culture.

All of our people were required to undertake an introduction to risk management training via e-learning. New face-to-face training was developed and piloted during the year to ensure risk management is part of our core skills.

Fraud control

The department does not tolerate fraud or corruption and we will take all reasonable steps to prevent, detect and respond to fraud and corruption.

The department's fraud control framework is regularly reviewed and aligns with section 10 of the Public, Governance, Performance and Accountability Rule 2014 (PGPA Rule).

The department reviewed its fraud control plan and fraud risk assessment to take into account changes in structure, functions and activities.

All of our people were required to undertake fraud awareness training via e-learning.

Internal audit

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

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

Ethical standards

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

In 2020–21, we conducted our annual formal declaration of personal interests for SES employees. Identified non-SES employees were also required to complete a declaration due to the nature and sensitivity of their work. Throughout the year, employees were regularly reminded to consider their personal circumstances and complete a declaration if necessary.

Key management personnel also submitted their related party disclosures as required by the Australian Accounting Standard for Related Party Disclosures (AASB 124).

Information Publication Scheme

Under Part II of the *Freedom of Information Act 1982*, we publish information as part of the Information Publication Scheme. Our website includes our Freedom of Information (FOI) Information Publication Plan, which shows the information we publish in accordance with Information Publication Scheme requirements. We also publish our [FOI Disclosure Log](#).

External scrutiny

Australian National Audit Office

The Australian National Audit Office (ANAO) published 4 performance audit reports in 2020–21 involving the department's participation:

- > Auditor-General Report No. 4 of 2020–21 – Establishment and Use of ICT Related Procurement Panels and Arrangements, tabled on 31 August 2020
- > Auditor-General Report No. 9 of 2020–21 – Purchase of the 'Leppington Triangle' Land for the Future Development of Western Sydney Airport, tabled on 21 September 2020
- > Auditor-General Report No. 29 of 2020–21 – Management of the National Collections – Follow-on, tabled on 22 February 2021
- > Auditor-General Report No. 47 of 2020–21 – Administration of Commuter Car Park Projects within the Urban Congestion, tabled on 28 June 2021.

All ANAO performance reports are available at www.anao.gov.au/Publications/Audit-Reports.

Parliamentary scrutiny

During 2020–21, we contributed to more than 50 parliamentary committees of inquiry through submissions and attending public hearings including:

- > Senate Standing Committee on Infrastructure, Transport and Cities inquiry – Fairer funding and financing of faster rail
- > Senate Standing Committee on Environment and Communications – Australia Post inquiry
- > Senate Standing Committee on Environment and Communications – The Future of Australia Post's service delivery
- > House of Representatives Standing Committee on Indigenous Affairs – Pathways and Participation Opportunities for Indigenous Australians in Employment and Business.

The department responded to over 150 inquiry questions on notice and more than 1950 Senate Estimates questions.

The department also attended Senate Estimates hearings of the Environment and Communications References Committee and the Rural and Regional Affairs and Transport References Committee.

Parliamentary inquiry details and Senate Estimates transcripts are available at www.aph.gov.au.

Human resources management

Our human resources management approach focuses on attracting and retaining the right people in the right roles at the right time. This approach ranges from the delivery of operational activities through to the development and implementation of strategic initiatives that support our workforce in achieving our objectives.

Supporting our employees during the COVID-19 pandemic

The COVID-19 pandemic continued to be a challenging time for all Australians, and the wellbeing, health and safety of our people has been a top priority of the department.

We have taken many steps to ensure our workplace remains a safe one for employees to access resources and maintain important professional and social connections whether working from home or in the office.

In line with advice from the Australian Public Service Commission, our staff were advised to actively transition back to their usual (pre-COVID) workplaces from 16 November 2020, in locations where it was safe to do so. This transition was coupled with the department's ongoing commitment to a flexible, innovative, supportive and safe workplace, with our home-based work arrangements an important part of delivering on this commitment.

There was a significant increase in the department's workload due to our COVID-19 response and recovery activities, along with our critical business-as-usual functions, and we continued to deliver for the Australian people through this challenging period. This delivery and unprecedented expansion of functions was successfully underpinned by an internal redeployment of resources to taskforces and purpose-built teams to bolster the department's capacity to support industries strongly affected by the pandemic.

The Australian Public Service response to the COVID-19 pandemic also saw our people redeployed externally, highlighting the agility and diversity of skills within our workforce. Our support to the broader Australian Public Service and the Australian public during a time of unprecedented demand for government services endures. The department provided volunteers to the Australian Public Service Surge Reserve, which has been developed to provide capacity to rapidly mobilise Australian Public Service staff in large numbers in response to a crisis.

The department was one of the first agencies to undergo a Comcare proactive inspection. This was part of a major audit of the department's obligations under the *Work Health and Safety Act 2011* relating to the management of our response to and management of the COVID-19 pandemic. The initial Comcare audit took place on 21 July 2020, with a follow-up workplace inspection on 30 November 2020. Comcare found the department was compliant, and was very satisfied with efforts to maintain a COVID-safe working environment. This was a pleasing outcome that reinforced our approach to ensuring the wellbeing, health and safety of our people.

Recruitment

In 2020–21, recruitment activities increased by approximately 30% compared to the 2019–20 financial year. This increase reflects the department's additional workload and responsibilities associated with government budget allocations in the past 12 months. Recruitment activities included:

- > ongoing and non-ongoing engagements
- > internal promotions
- > promotions from other Australian Public Service agencies
- > permanent and temporary transfers under section 26 of the *Public Service Act 1999*
- > non-ongoing contract extensions.

Entry-level programs

As part of our Graduate Development Program, the department welcomed 35 new employees who began an intensive 11-month, on-the-job program to build relevant public sector and departmental capabilities. The program includes:

- > participation in 3 workplace rotations across a mix of policy, program, corporate and regulatory functions
- > undertaking a major research project, which is an opportunity for graduates to meet and work with our SES cohort and to research a topic directly relevant to the department and its outcomes
- > participation in a tailored learning and development program, which includes completion of a Graduate Certificate in Public Administration through the University of Canberra.

In 2021 the department welcomed 27 University Vacation Employment Program participants to work with the department over a period of up to 12 weeks to gain an insight into the Australian Public Service. Over half of the cohort were retained after the program concluded.

Commencing alongside the University Vacation Employment Program participants, we welcomed 2 interns through the Australian Network on Disability's Stepping Into program, a national initiative that introduces skilled and talented university students with disability to workplaces and creates a talent pipeline that actively builds diversity and inclusion.

We supported one participant through the Department of Education, Skills and Employment's Indigenous Australian Government Development Program. The program aims to significantly contribute to improving employment opportunities, experiences and outcomes for Aboriginal and/or Torres Strait Islander peoples in the Australian Public Service.

Nine new employees were welcomed through the Department of Finance's Career Starter Program, where young people who have completed a year 12 certificate or equivalent in the past 24 months can access a structured and whole-of-government entry-level program through to permanent employment in the Australian Public Service.

In addition, we welcomed one Science Policy Fellow through the Office of the Chief Scientist's Science Policy Fellowship Program, which gives Australian scientists the opportunity to work in an Australian Government department for 12 months.

Terms and conditions of employment

Enterprise agreement

The department's current enterprise agreement nominally expired in March 2019. As an alternative to enterprise bargaining for a new agreement, the department implemented a determination under subsection 24(1) of the *Public Service Act 1999* that provides non-SES staff a 2% increase to base salary and allowances in March 2019, March 2020 and March 2021. Due to the Public Service (Terms and Conditions of Employment) (General wage increase deferrals during COVID-19 pandemic) Determination 2020, the salary increase to non-SES staff in March 2021 was deferred by 6 months. The existing enterprise agreement continues to apply to non-SES staff past its nominal expiry date, ensuring terms and conditions of employment are preserved.

Non-salary benefits provided to employees

We provide our employees with a range of non-salary benefits, including those targeting health and wellbeing, support for professional and personal development, access to flexible work arrangements and a range of unpaid leave entitlements.

Flexible work arrangements

While flexible work arrangements have long played a role in how the department delivers its work, the COVID-19 pandemic has seen flexible work increasingly used across the department. There are significant benefits associated with flexible work, including:

- > enhanced productivity and innovation
- > improved work-life balance
- > increased employee engagement, commitment and loyalty
- > reduced recruitment costs associated with separation rates
- > improved diversity and inclusion by facilitating favourable working arrangements.

The department has a suite of measures available to staff to enable them to work flexibly, including flex-time, part-time work arrangements, home-based work arrangements and compressed hours.

The department implemented a revised Home Based Work Employment Procedure in November 2020, which capitalises on the lessons learned from our collective experiences through COVID-19.

Learning and development

In 2020 we commenced the implementation of our learning strategy. The strategy aims to empower our people to learn, develop and grow their expertise through on-the-job experiences and from each other. We have placed an emphasis on building a culture of learning, deepening our expertise and knowledge of our specialist skills, and enabling our people to respond in a rapidly changing environment.

The ongoing effects of the COVID-19 pandemic and changes in our operating environment have highlighted the need for training to be available on demand, and be accessible from anywhere. As such, we have shifted our focus to building and delivering our programs through a hybrid learning model that incorporates both face-to-face, experiential and online learning.

In 2020–21 we continued our focus on developing leadership and core capability across all levels of the department through a range of pilot initiatives, face-to-face training and webinars, and online resources. To ensure all staff are informed of their key obligations, responsibilities and duties in their role within the department and as part of the Australian Public Service, this year we shifted to a staggered monthly rollout of our 7 mandatory e-learning modules for staff. These modules are required to be completed each year to support all staff, to understand their obligations and those of the department.

Mandatory e-learning modules:

- > Health, Safety and Wellbeing
- > Fraud Awareness
- > Privacy Awareness
- > Security Awareness
- > Introduction to Risk
- > Integrity in the Australian Public Service
- > Information matters

We have maintained a strong focus on engaging with our people to ensure that the learning and development opportunities provided by the department are fit for purpose and that we are addressing any learning barriers that may exist. We will continue this focus into 2021–22, and prioritise building and supporting the capability of our managers through the development of training packages.

Diversity and inclusion

We continued to support our Diversity and Inclusion Committee, Diversity and Inclusion Champion, and 6 employee-led diversity networks, each of which is supported by a dedicated SES Champion:

- > Indigenous Staff Network
- > Disability and Allies Network
- > Cultural and Linguistic Diversity Network
- > Gender Equality Network
- > Pride and Allies Network
- > Mental Health and Wellbeing Network.

We provided access to structured face-to-face learning and e-learning and continued our association with peak professional organisations such as the Diversity Council Australia, Pride in Diversity, and the Australian Network on Disability.

In consultation with employees, we developed our Diversity and Inclusion Strategy 2021–2024 and continued to implement our Aboriginal and Torres Strait Islander Employment and Retention Strategy 2020–2022. Both strategies support our goals of seeing an increase in the representation of:

- > employees with disability in our workforce to 7%
- > Aboriginal and/or Torres Strait Islander employees in our workforce to 5%.

Our employment goals are in line with the Australian Public Service Disability Employment Strategy 2020–2025 and the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024.

We have continued with the development of an 'Innovate' Reconciliation Action Plan to demonstrate our commitment to the national reconciliation journey and to support government to achieve sustainable outcomes that close the gap between Aboriginal and/or Torres Strait Islander peoples and non-Indigenous Australians.

We continued our commitment to the development of our employees by regularly acknowledging and celebrating events of significance and sharing opportunities and learnings.

Disability reporting

The National Disability Strategy 2010–2020 is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at www.dss.gov.au.

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the Australian Public Service Statistical Bulletin. These reports are available at www.apsc.gov.au.

Human resource statistics

At 30 June 2021, the department had 1,650 employees (operative ongoing and non-ongoing). Women made up 60% of our workforce, and 13% of our employees were working part-time. Our employee separation rate during 2020–21 was 17.9%.

More employee statistics are provided at Appendix C.

Financial management

Assets

The department is responsible for administering \$1.1 billion in non-financial assets on behalf of the Australian Government (including right-of-use assets recognised in 2019–20 under the new Australian Accounting Standard for Leases, and assets recognised in the Administered Schedule of Assets and Liabilities).

The department administers a diverse range of assets, including but not limited to:

- > right-of-use assets and fitout for its office accommodation
- > buildings and infrastructure used to deliver essential services in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island
- > artworks held by Artbank
- > a collection of artworks by Sir Sidney Nolan
- > Regional Backbone Blackspot Program communications equipment
- > the National Institute of Dramatic Arts building
- > buildings, ruins, reserves and collections of cultural and historical significance on Norfolk Island
- > historic aircraft
- > phosphate mining lease rights on Christmas Island.

In 2020–21, our assets management processes were effective. Our capital plan reflects the Australian Government's priorities and business needs and complies with the financial management framework. We monitor asset acquisitions and disposals against this plan, and we carry out a risk-based annual stocktake targeting key asset classes or events to update and verify the accuracy of our asset records and review their condition and utility.

Purchasing

In performance against the Commonwealth Procurement Rules, the department's procurement policies and processes during 2020–21 were consistent with the rules and the PGPA Act. Appropriate controls are in place to ensure procurement is carried out in accordance with the rules and with legislative requirements.

Information about our procurement activities and annual procurement plan, including expected procurement activities in 2020–21, are published on AusTender.

Annual reports contain information about actual expenditure on contracts for consultancies and non-consultancies. Information on the value of contracts and consultancies is also available on AusTender.

Consultants

During 2020–21, 123 new consultancy contracts were entered into, involving total actual expenditure of \$17.7 million. In addition, 62 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$9 million.

We engage consultants to provide specialised professional services where we need independent research, review, assessment or advice or do not have the capability to perform these in-house. Consultants are typically engaged to investigate or diagnose a specific issue or problem, carry out reviews or evaluations, and 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 in 2020–21 was in accordance with the PGPA Act and the Commonwealth Procurement Rules; it is based on the core principle of achieving value for money.

The main categories under which consultants were engaged were:

- > legal services
- > auditing and accounting services
- > independent reviews
- > economic services
- > other professional services, including in relation to engineering, broadcasting, telecommunications and the arts.

Table 3.1 Number of and expenditure on consultants, 2020–21

	Total
Number of new contracts entered into during the period	123
Total actual expenditure on new contracts during the period (incl. GST)	\$17.7 million
Number of ongoing contracts that were entered into during a previous period	62
Total actual expenditure during the period on ongoing contracts (incl. GST)	\$9 million

Table 3.2 Top 5 consultants (by value of spend) for 2020–21

	Expenditure
CSIRO-Wildlife and Ecology – ABN 41 687 119 230	\$4,291,308
AECOM Australia Pty Ltd – ABN 20 093 846 925	\$3,052,055
PricewaterhouseCoopers – ABN 52 780 433 757	\$2,292,400
PricewaterhouseCoopers Consulting – ABN 20 607 773 295	\$1,568,292
NineSquared Pty Ltd – ABN 96 165 695 492	\$1,229,754

Non-consultancy contracts

During 2020–21, 963 new non-consultancy contracts were entered into, involving total actual expenditure of \$322.2 million. In addition, 550 ongoing non-consultancy contracts were active during the period, involving total actual expenditure of \$340.5 million.

Table 3.3 Number of and expenditure on non-consultancy contracts, 2020–21

	Total
Number of new contracts entered into during the period	963
Total actual expenditure on new contracts during the period (incl. GST)	\$322.2 million
Number of ongoing contracts that were entered into during a previous period	550
Total actual expenditure during the period on ongoing contracts (incl. GST)	\$340.5 million

Table 3.4 Top 5 non-consultancy contracts (by value of spend) during 2020–21

	Expenditure
Virgin Blue Airlines Pty Ltd – ABN 36 090 670 965	\$165,485,578
Telstra Corporation Ltd – ABN 33 051 775 556	\$80,827,910
Qantas Airways Ltd – ABN 16 009 661 901	\$69,133,734
Concentrix Services Pty Ltd – ABN 63 166 171 991	\$47,040,157
Ventia Property Pty Ltd – ABN 16 618 028 676	\$29,071,255

Procurement initiatives to support small and medium enterprises and Aboriginal and/or Torres Strait Islander businesses

The department supports small business participation in the Australian Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the [Department of Finance's website](#).

We continue to meet government policy requirements in terms of supporting small and medium enterprises in the following ways:

- > We advocate and comply with the Commonwealth Procurement Framework.
- > Our approach-to-market documents are clear and straightforward to help potential suppliers to produce a response that does not require extensive time and effort.
- > Our processes facilitate the payment of invoices on time, and our financial management information system identifies late payments so that remedies can be applied.
- > We use the Commonwealth Contracting Suite for eligible procurements valued under \$200,000 (GST inclusive).
- > We implement the Indigenous Procurement Policy using the Australian Industry Participation policies and programs, noting that many Aboriginal and/or Torres Strait Islander businesses are small or medium enterprises.
- > Where procurements are considered low risk and their value is below the procurement threshold of \$80,000 (GST inclusive), a streamlined process is followed.
- > For procurements valued under \$10,000 (GST inclusive), we encourage the use of payment by credit card.

We recognise the importance of ensuring that small businesses are paid on time in accordance with the [Supplier Pay On-Time or Pay Interest Policy](#) and [Payment Times Procurement Connected Policy](#).

The results of the Survey of Australian Government Payments to Small Business are published by the Department of the Treasury on its [website](#).

The department supports the goals of the Indigenous Procurement Policy, and we raise awareness of the policy with our portfolio entities, many of which are not bound by the policy. We have exceeded our 2020–21 portfolio target for supporting Aboriginal and/or Torres Strait Islander businesses. Further details are available on the [National Indigenous Australians Agency website](#).

Australian National Audit Office access clauses

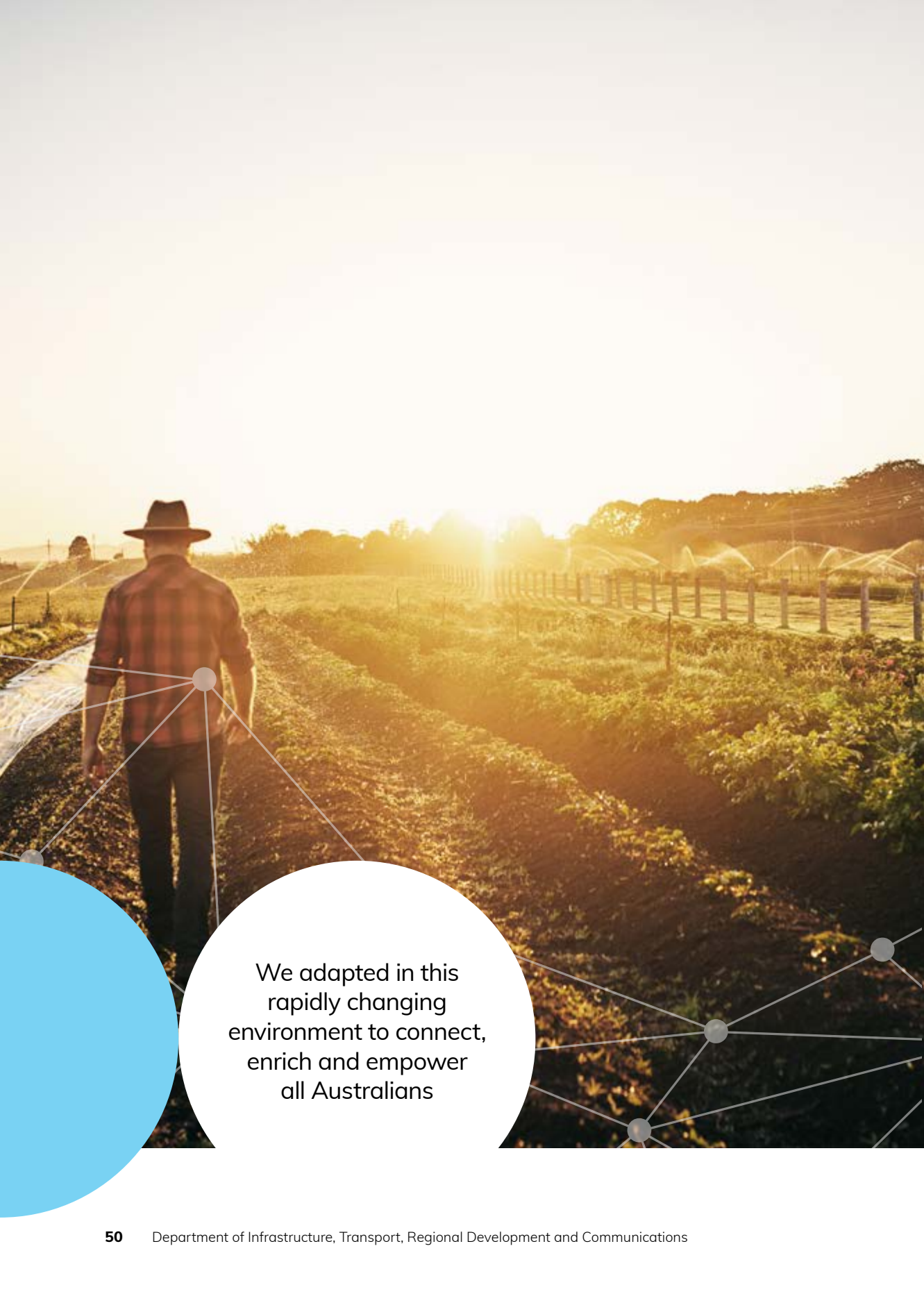
All contracts valued at \$100,000 or more include a requirement for access to the contractor's premises by the Auditor-General.

Exempt contracts

In 2020–21, no contracts were exempted from publication on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

Grants

Information on the grants awarded by the department during 2020–21 is available at www.grants.gov.au.



We adapted in this
rapidly changing
environment to connect,
enrich and empower
all Australians

PART 4

Annual performance statements

Statement of preparation	52
Performance snapshot	53
Transport connectivity	57
Regional development	78
Territories	95
Communications connectivity	101
Creativity and culture	124

Statement of preparation

I, Simon Atkinson, the accountable authority of the Department of Infrastructure, Transport, Regional Development and Communications for the duration of the 2020–21 reporting period, present the 2020–21 performance statements of the department, as required under section 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

In accordance with subsection 16F(1) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), these statements report on our performance in the year ended 30 June 2021, assessed against the purposes and measures published in the department's 2020–21 Corporate Plan and Portfolio Budget Statements.

In my opinion, these performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with subsection 39(2) of the PGPA Act.



Simon Atkinson

Secretary

| October 2021

Performance snapshot

A snapshot of the department's performance against its targets is given in Table 4.1. This year we met 46 out of 71 performance targets.

Table 4.1 Performance snapshot

Purpose	Target met	Target partially met	Target not met	No target*
Transport connectivity	11	1	3	10
Regional development	10	3	–	–
Territories	2	–	–	–
Communications connectivity	15	3	–	–
Creativity and culture	8	2	–	3
Total	46	9	3	13

* As per the [2020–21 Corporate Plan](#)¹ and [2020–21 Portfolio Budget Statements](#),² in cases where COVID-19 impacts were likely to lead to unusual results, targets were omitted for the 2020–21 reporting cycle. In addition, some measures do not have targets because they are demand driven (see measures 67 and 69), or they are subject to external factors outside of the department's control (see measure 15). Similarly, some results may have been enhanced by a reduction in activity in some areas due to COVID-19. We continually review our performance measures against the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), ensuring they remain appropriate, relevant and free from bias.

Throughout 2020–21, as Australia continued to manage the impacts of COVID-19, we worked in collaboration with our key stakeholders to deliver essential ongoing functions, support communities and affected industries, and design and implement initiatives that support positive long-term economic and social outcomes. We continued to coordinate and support the delivery of job-creating, economy-boosting infrastructure.

We facilitated the Land Transport COVID-19 Group and the Maritime Response Group, to address COVID-19 impacts in these sectors. Furthermore, we assisted with the development of the Freight Movement Code, which has continued to ensure freight movements are exempt from border restrictions. Continuing freight movements has been critical to the economy, and to the progression of the COVID-19 vaccine rollout.

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1 Available at: <https://www.infrastructure.gov.au/department/about/corporate-plan>

2 Available at: https://www.infrastructure.gov.au/department/statements/2020_2021

We delivered the Relief and Recovery Fund to support regions, communities and industry sectors affected by COVID-19, as well as stimulus projects to support COVID-19 recovery in the external territories. The aviation, creative and arts sectors were disproportionately affected by the pandemic. In aviation, government support has maintained connectivity between communities to support the movement of essential goods and services. Parts of the creative and arts sectors are reactivating with the government's targeted support, which is providing opportunities for people in the arts sector to cultivate creative community engagement in Aboriginal and Torres Strait Islander communities.

We delivered important online safety reforms to provide all Australians with access to new and strengthened regulatory schemes to stay safe online. On 23 June 2021, the *Online Safety Act 2021* was passed by the Australian Parliament, following a significant work program of policy and legislative development and multiple rounds of industry and public consultation. The reforms will further extend Australia's world-leading online safety framework and require digital platforms to do more to keep their users safe.

On 23 December 2020, the Minister for Communications, Urban Infrastructure, Cities and the Arts declared that the National Broadband Network (NBN) should be treated as built and fully operational after considering a comprehensive public report prepared by NBN Co Limited. The declaration reflects the important transition from building the network to operating a national open access wholesale business. It also means that the company is the default Statutory Infrastructure Provider for all of Australia.

We continue to anticipate and mitigate the economic and social effects of COVID-19, and our work and adaptability continue to keep Australians safe through difficult times and circumstances.

Results reported this year include

DANS and RANS programs supported services on **169 domestic routes**, carrying more than **1.7 million** passengers since the programs commenced on 16 April 2020



Over 60 major Australian Government funded **infrastructure investment** projects were completed or opened in 2020



\$868.4 million in funding to **31 arts and cultural** programs



\$17.3 million in funding to RISE to support **51 regional and remote arts organisations** to undertake projects at **240 locations** across Australia



Regional areas had their **largest net gain** from internal migration on record, gaining **43,000 people**



2 water infrastructure

projects completed, contributing to the National Water Grid objectives of supporting **agricultural growth**, **increasing water security** and **building drought resilience**



>174 major Australian Government funded projects are either **underway** or **under construction**, with **98 completed** during the financial year



PING grantees provide news services to over **730 regional communities** across Australia



11.9 million premises were 'ready to connect' to **NBN** at 30 June 2021



Structure of performance statements

The 2020–21 annual performance statements outline the progress the department has made towards achieving the purposes set out in the 2020–21 Portfolio Budget Statements and the 2020–21 Corporate Plan.

The statements are organised into 5 sections corresponding to each of the purposes – transport connectivity, regional development, territories, communications connectivity, and creativity and culture. To enable an accurate assessment of the department's performance, each section includes:

- > an overarching analysis of the department's performance by purpose
- > results tables containing
 - targets
 - results for 2020–21
 - comparable previous results, where the measure remains fundamentally unaltered (if applicable)
 - the methodology or data source from which results are calculated
- > analysis against measures
- > a snapshot of results matrix.

To further demonstrate alignment across the 3 corporate documents, each measure includes references (documents and page numbers) to the source of the reported performance information as it appears in the 2020–21 Portfolio Budget Statements and 2020–21 Corporate Plan. This helps readers to navigate the performance information across the 3 documents.

The expression of dollar figures

These statements use the following conventions for dollar figures:

- > billions to either one or 3 decimal places (for example, \$2.5 billion, \$2.506 billion), and no decimal place for whole figures (for example, \$2 billion)
- > millions to one decimal place (for example, \$3.4 million), and no decimal place for whole figures (for example, \$2 million)
- > hundreds of thousands in full (for example, \$666,071)
- > where figures are approximate or indicate thresholds, no decimal points (for example, over \$100 million, around \$655 billion).



Transport connectivity



Supporting an efficient, sustainable, safe and accessible transport system

Road, rail, maritime and air transport are essential to connecting people to jobs, communities and essential services. Transport is also crucial in connecting businesses and industry to markets. We facilitate increased access to efficient, sustainable transport, and work to reduce the number and severity of safety incidents across all transport modes through our infrastructure investment, surface transport, road safety and air transport programs.

Analysis

We have progressed the Australian Government's vision for safe, efficient, sustainable and accessible transport networks and services, while responding to the challenges presented by the COVID-19 pandemic and the 2019–20 bushfires.

Throughout the COVID-19 pandemic, we have worked with government bodies and regulators, states and territories, industry stakeholders and unions to understand and address COVID-19 impacts arising across all sectors. We supported the development and implementation of the Freight Movement Code to ensure freight movements were exempt from border restrictions and allowed the delivery of essential ongoing services. In the hard-hit aviation sector, we delivered over \$4.5 billion in targeted support, maintaining domestic connectivity and continuing to underpin international operations, which play a vital role in supporting returning Australians and enabling critical air freight services. Importantly, we supported maritime sector operations by facilitating development and advice on health protocols across the industry, including with the cruise industry on COVID-19 protocols, and worked in Australia and internationally on crew change issues. This was critical for Australia's economic and social wellbeing, with around 99% of the volume of our imports and exports moved by sea, worth around \$655 billion in 2020.

The COVID-19 pandemic and the 2019–20 bushfires put the spotlight on the importance of a safe, resilient and seamless transport system, which will be a key influence on future policy development and investment.

Despite the pandemic we remain on track to deliver the government's \$110 billion 10-year infrastructure pipeline to rebuild Australia's economy and strengthen our long-term productive capacity. Alongside this, we made significant progress on delivering flagship infrastructure commitments, including the Inland Rail and Western Sydney Airport projects.

To achieve the government's long-term goals for transport, we provided leadership to deliver nationally consistent regulatory frameworks across a range of settings, including disability access, emission standards and improving safety across all transport modes.

Results

Targets, results, methodology and analysis for measures related to transport connectivity

1. Transport costs for road freight

Source: 2020–21 Portfolio Budget Statements pp. 40 & 48, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target At the end of 2020–21, road freight costs were 3.1% lower than the average of the 10 years up to 2019–20	New measure – result not available

Methodology: Analysis of Australian Bureau of Statistics (ABS) producer price indexes for Road Freight Transport,³ relative to the Consumer Price Index⁴

2. Transport costs for rail freight

Source: 2020–21 Portfolio Budget Statements pp. 40 & 48, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target At the end of 2020–21, rail freight costs were 0.7% higher than the average of the 10 years up to 2019–20	New measure – result not available

Methodology: Analysis of ABS producer price indexes for Rail Freight Transport,⁵ relative to the Consumer Price Index

Australia's productivity, international competitiveness and way of life rely on the efficient movement of freight from producer to consumer. All tiers of government are working with industry to deliver a national approach to improving our freight network's productivity through the National Freight and Supply Chain Strategy⁶ and its associated

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3 Available at: www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release

4 Available at: www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release

5 Available at: www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release

6 Available at: www.freightaustralia.gov.au/sites/default/files/documents/national-freight-and-supply-chain-strategy.pdf

National Action Plan.⁷ The strategy and action plan provide a framework to guide further action across all transport modes.

As governments and industry responded to the ongoing effects of COVID-19, we maintained focus on delivering our commitments under the strategy. These commitments are critical to meeting our long-term freight challenges and supporting Australia's economic recovery. Over the past year, all jurisdictions progressed delivery of these commitments, including the development of National Urban Freight Planning Principles, which were agreed by the infrastructure and transport ministers in May 2021.

The 2019 Commonwealth Implementation Plan⁸ outlines the Australian Government's ongoing actions towards delivering the strategy. All tiers of government are responsible for reporting to infrastructure and transport ministers at the end of each year on their progress in delivering the strategy and action plan. The first annual report for the strategy was published in November 2020 and is available on the Freight Australia⁹ website.

Key Commonwealth actions over the past year include:

- > \$12.1 million to support delivery of the National Urban Freight Planning Principles through Phase 2 of the National Heavy Vehicle Regulator's Strategic Local Government Assessment Project
- > \$16.5 million commitment over 4 years to establish a National Freight Data Hub.

National Freight Data Hub



By making high-quality and timely freight data more widely available, the **National Freight Data Hub** will enhance the collection of, and access to, freight data across all modes

In 2020–21

The National Freight Data Hub prototype website¹⁰ was launched and extensive stakeholder input received on design options and data priorities for the Hub.

From 2021–22, the Hub will be a **federated data-sharing network** with an initial focus on governments providing better access to their data, facilitating data exchange, establishing data standards, and promoting leadership and innovation.

7 Available at: www.freightaustralia.gov.au/sites/default/files/documents/national-action-plan-august-2019.pdf

8 Available at: www.freightaustralia.gov.au/sites/default/files/documents/cwth_actions-for_website_0.pdf

9 Available at: www.freightaustralia.gov.au/

10 Available at: datahub.freightaustralia.gov.au/

3. Aviation network connections

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 13

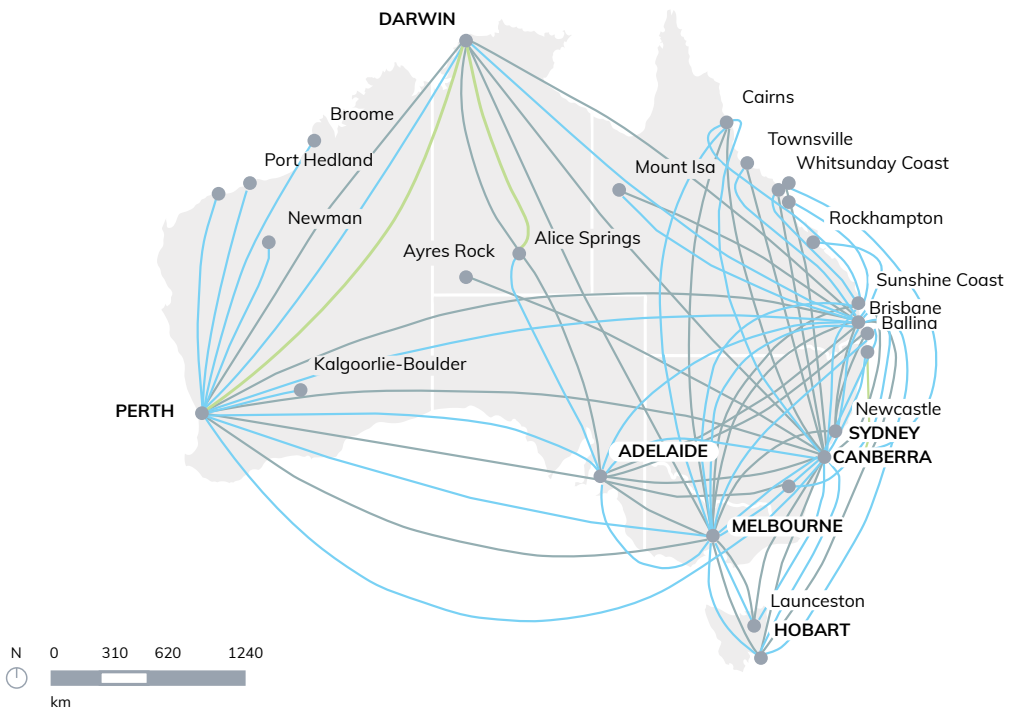
2020–21 target	2020–21 result	Previous result
In 2020–21, maintain minimum connections	Target met Air connectivity was maintained between 124 domestic locations throughout the pandemic	New measure – result not available

Methodology: Analysis of departmental records, including on the number of airports connected by domestic and international regular public transport flights, and on the maintenance of air freight

The Domestic Aviation Network Support and the Regional Airline Network Support programs supported minimum services on 169 domestic routes, carrying more than 1.7 million passengers since the programs commenced on 16 April 2020.

These services connected 124 locations, including 113 regional or remote airports. This has ensured the continued transport of essential personnel and goods despite lockdowns, border closures and travel restrictions as a result of the COVID-19 pandemic.

Figure 4.1 Domestic Aviation Network Support Program routes from 1 July 2020



Levels of aviation activity improved substantially since the start of 2020–21, but continue to be affected by COVID-19 outbreaks. In April 2020, the total domestic regular public transport¹¹ passenger numbers were 3% of the level they were in 2019 (using an average of passenger numbers across 2019 as the baseline) and increased to 68% in April 2021.

4. Number of projects over \$100 million that deliver travel time savings		
Source: 2020–21 Portfolio Budget Statements p. 40, 2020–21 Corporate Plan p. 13		
2020–21 target	2020–21 result	Previous result
In 2020–21, 100% of projects for which travel time savings are a significant planned benefit	<div>Target met</div> Reduced travel times were achieved. Large road projects underway during 2020–21 are estimated to provide more than \$70 billion in total travel time savings across the life of projects	Revised measure for 2020–21 Large road projects underway during 2019–20 estimated to provide more than \$60 billion in total travel time savings across the life of projects
Methodology: For projects where travel time savings are a significant planned benefit, analysis of business cases and documentation were submitted in compliance with the <u>National Partnership Agreement on Land Transport Infrastructure Projects</u> ¹²		

The Australian Government is committed to reducing travel times by rolling out road and rail infrastructure projects across the nation to help get Australians home sooner and safer, as well as reducing the costs of congestion for businesses. For example, the completion of WestConnex is expected to reduce travel times between Parramatta and Sydney’s Kingsford Smith Airport by up to 40 minutes, bypassing 52 sets of traffic lights. The Tonkin Highway Gap project in Perth is expected to save southbound road users up to 6 minutes of travel time during morning peak and northbound users up to 11 minutes of travel time during afternoon peak.

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11 Regular public transport refers to all air service operations in which aircraft are available for the transport of members of the public and are conducted in accordance with fixed schedules. It does not include charter or other non-scheduled operations.

12 Available at: https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2021-01/land_transport_infrastructure_np.pdf

5. Domestic CO₂ emissions and rate of emissions per kilometre: road

Source: 2020–21 Portfolio Budget Statements p. 48, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target Road emissions (full fuel cycle) in 2019–20 were 91,286 gigagrams (CO ₂ equivalent). This was 370 gigagrams per billion vehicle kilometres	Revised measure for 2020–21 – result not comparable

Methodology: Analysis of data from the Bureau of Infrastructure and Transport Research Economics (BITRE) Infrastructure Statistics Yearbook;¹³ 2019–20 information is the most current available for 2020–21 reporting

6. Domestic CO₂ emissions and rate of emissions per kilometre: rail

Source: 2020–21 Portfolio Budget Statements p. 48, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target Rail emissions (full fuel cycle) in 2019–20 were 6,420 gigagrams (CO ₂ equivalent). This was 25 gigagrams per million train kilometres	Revised measure for 2020–21 – result not comparable

Methodology: Analysis of data from the BITRE Infrastructure Statistics Yearbook;¹⁴ 2019–20 information is the most current available for 2020–21 reporting

7. Domestic CO₂ emissions and rate of emissions per kilometre: maritime

Source: 2020–21 Portfolio Budget Statements p. 48, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target Domestic maritime emissions in 2019–20 totalled 2,390 gigagrams (CO ₂ equivalent)	Revised measure for 2020–21 – result not comparable

Methodology: Analysis of data from the BITRE Infrastructure Statistics Yearbook;¹⁵ 2019–20 information is the most current available for 2020–21 reporting

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¹³ Previous reporting relied on data from the Department of Agriculture, Water and the Environment.

¹⁴ Ibid.

¹⁵ Ibid.

8. Domestic CO₂ emissions and rate of emissions per kilometre: aviation

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target Domestic aviation emissions in 2019–20 totalled 8,680 gigagrams (CO ₂ equivalent)	Revised measure for 2020–21 – result not comparable

Methodology: Analysis of data from the BITRE Infrastructure Statistics Yearbook;¹⁶ 2019–20 information is the most current available for 2020–21 reporting

We report on emissions in accordance with an economy-wide framework, the National Greenhouse Gas Inventory, consistent with the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

Emissions are influenced by demand and usage of the transport network, including for both commercial and personal reasons, across different modes.

In 2020–21, we worked with the International Maritime Organization and the International Civil Aviation Organization to implement measures to reduce transport emissions, while ensuring these measures do not distort trade or disproportionately affect Australian interests. Moving forward, the ongoing implementation of more efficient design and engine technology in the maritime sector and in the Australian light vehicle fleet is expected to have a positive effect in reducing overall transport CO₂ emissions.

9. Number of remote communities that receive support from the department for air services under the Remote Air Services Subsidy program

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 13

2020–21 target	2020–21 result	Previous result
Maintained or increased in 2020–21 compared to 2019–20	Target met The Remote Air Services Subsidy (RASS) scheme guaranteed aviation services to 268 remote communities, a slight increase from last year	Revised measure for 2020–21 The RASS scheme guaranteed aviation services to 266 remote communities

Methodology: Analysis of monthly reports from each airline contracted to provide services to remote communities under the RASS program

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¹⁶ Previous reporting relied on data from the Department of Agriculture, Water and the Environment.

To support Australians living in remote areas, the Remote Air Services Subsidy (RASS) scheme subsidises regular air services for passengers and/or freight to remote and isolated communities of Australia. Remote communities can apply for a RASS service at any time. Communities are assessed on need, remoteness, airstrip condition and the available budget under the program.

In 2020–21, the RASS scheme funded direct air transport services to 268 remote communities at a cost of \$13 million. A list of the communities can be found on the department's [website](#).¹⁷ These services provide access to health care, fresh food, educational materials, medicines and other urgent supplies.

10. Number of fatalities and fatality rate per 100,000 population: road

Source: 2020–21 Portfolio Budget Statements pp. 40, 48 & 50, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target In 2020–21, there were 1,142 road fatalities. This is 6% lower than the average over the previous 10 years. In per-person terms, there were 4.4 road fatalities per 100,000 people, 13% lower than the average over the previous 10 years	Revised measure for 2020–21 Number of fatalities: 1,105 deaths in 2019–20

Methodology: Analysis of road fatality data in the [BITRE Australian Road Deaths database](#)¹⁸

During 2020–21, we invested in road safety upgrades, published national road safety statistics and administered safety standards for new vehicles. We also worked with the National Transport Commission, state and territory governments and the National Heavy Vehicle Regulator on the review of the [Heavy Vehicle National Law](#).¹⁹ The review is considering potential changes to the legislation that would improve safety, boost productivity and reduce the complexity of the law.

Table 4.2 provides a breakdown of departmental funds invested during 2020–21 towards road safety upgrades under the Infrastructure Investment Program.

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17 Available at: www.infrastructure.gov.au/sites/default/files/migrated/aviation/regional/files/RASS_Locations.pdf

18 Available at: www.bitre.gov.au/statistics/safety/fatal_road_crash_database

19 Available at: www.legislation.qld.gov.au/view/whole/html/inforce/current/act-2012-hvnlq

Table 4.2 National targeted road infrastructure programs under the Infrastructure Investment Program 2020–21

Program	Funds invested	Projects completed
Roads to Recovery	\$592.2 million	2,378
Black Spot	\$103.8 million	186
Bridges Renewal	\$46.6 million	87
Heavy Vehicle Safety and Productivity	\$51.8 million	31

11. Number of fatalities and fatality rate per 100,000 population: maritime

Source: 2020–21 Portfolio Budget Statements p. 49, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target In 2020 there were 5 maritime transport fatalities, 4% higher than the average over the previous 10 years. In per-person terms, that corresponds to 0.019 per 100,000 people, 4% lower than the average over the previous 10 years	Revised measure for 2020–21 Number of fatalities: over the 10 years to 2019, the average annual number of maritime deaths was 4.1 (there were 4 fatalities in 2019)

Methodology: Analysis of maritime fatality data from the Australian Transport Safety Bureau Maritime Occurrence Database

During 2020–21, we worked with the Australian Maritime Safety Authority to oversee and maintain Australia’s regulatory framework for maritime activities. In 2020, there were 5 fatalities, and over the 10 years to 2019, the average annual number of maritime deaths was 4.1.

In May 2021, the Australian Government tabled its [response²⁰](#) to the Senate Rural and Regional Affairs and Transport Legislation Committee [report²¹](#) into the Performance of the Australian Maritime Safety Authority. The government supported all of the committee’s recommendations, including an independent review of Australia’s domestic commercial vessel safety legislation. The review will consider issues raised in related reports and inquiries, as well as all costs and charges for the national system.

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20 Available at: https://www.infrastructure.gov.au/department/ips/government_responses/government-response-srrat-inquiry-report-amsa-performance

21 Available at: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/AMSA/Report

12. Number of fatalities and fatality rate per 100,000 population: aviation

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	No target The number of fatalities in 2020–21 was 42 or 0.16 per 100,000 population	Revised measure for 2020–21 Number of fatalities: the 10-year annual average to end 2019 was 32.3 fatalities (<33.6)

Methodology: Analysis of aviation fatality data from the Australian Transport Safety Bureau Aviation Occurrence Statistics Report

In 2020–21, we continued oversight of the framework for aviation safety, including governance and performance of the Civil Aviation Safety Authority and Airservices Australia. During 2020–21, the Australian Transport Safety Bureau recorded no fatalities from regular public transport flights. There were 42 fatalities from 26 fatal non-regular public transport flight incidents.

13. Number of fatalities and fatality rate per 100,000 population: rail

Source: 2020–21 Portfolio Budget Statements pp. 40 & 49, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
In 2020, rail fatalities reduce compared to average annual number from 2017 to 2019	Target not met In 2020 there were 9 rail fatalities (excluding suicides and trespasses), 4% higher than the average over the previous 3 years. In per-person terms, that corresponds to 0.035 per 100,000 people, 1% higher than the average over the previous 10 years	Revised measure for 2020–21 Number of fatalities: 7 fatalities in 2018–19

Methodology: Analysis of rail fatality data from the Office of the National Rail Safety Regulator

In 2020–21, we worked with jurisdictions and the Office of the National Rail Safety Regulator to oversee Australia's regulatory framework for rail safety. The Office of the National Rail Safety Regulator collects and reports safety information; its recent data shows that rail remains the safest mode of surface transport in Australia and demand for rail transport remains strong, with 83.8 million kilometres of freight transport in 2020.

14. Serious injuries due to road crashes and rate of serious injuries due to road crashes per 100,000 population

Source: 2020–21 Portfolio Budget Statements pp. 40, 49 & 50, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
Target to be set as part of the new National Road Safety Strategy A national definition for serious injuries will be developed as part of the strategy	Target met An interim target of a 30% reduction in serious injuries by 2030 was agreed at the Infrastructure and Transport Ministers' Meeting	Revised measure for 2020–21 Serious injuries due to road crashes: baseline not yet established

Methodology: Analysis of data from unique admitted hospital cases

We worked with state and territory road transport agencies to provide a national source of serious injury data by linking road crash and hospital data. This will be essential for effective monitoring of progress against a serious injury reduction target defined in the National Road Safety Strategy.

In May 2021, infrastructure and transport ministers agreed an interim target of a 30% reduction in serious injuries²² from road crashes, down to fewer than 29,000, by 2030 (an approximate reduction in the rate per capita²³ of 38% using a baseline annual average from 2018–20).

In 2020–21, we provided national leadership in reducing road trauma, leading the development of the National Road Safety Strategy 2021–30²⁴ in consultation with state and territory governments, and the Australian Local Government Association.

The strategy sets the direction of Australia's road safety objectives, key priorities for action and road trauma reduction targets for the decade to 2030. This will set Australia on the path to achieving Vision Zero by 2050, which aims for zero deaths and serious injuries from road crashes. The strategy and accompanying National Road Safety Action Plan to 2025 are anticipated to be finalised and released in 2021–22.

22 Serious injury is defined as a unique hospital-admitted case based on hospital records.

23 Per capita rate is defined as the number of unique hospital-admitted cases per 100,000 people per annum. A 38% reduction in serious injuries per capita sets the target rate at 99.6 serious injuries per 100,000 people by 2030 (down from the 2018–20 annual average baseline of 159.9 serious injuries per 100,000 people).

24 Available at: www.roadsafety.gov.au/hrss/nrss-2021-30

15. Estimated number of jobs supported over the life of the projects, from infrastructure investment projects underway during the financial year

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 14

2020–21 target	2020–21 result	Previous result
No target Investments support a work plan in which work requirements fluctuate. While it is appropriate to monitor employment impacts, it is not appropriate to set annual targets	No target Major land transport infrastructure projects underway in 2020–21 are expected to support 100,000 direct and indirect jobs over the life of the projects	Projects underway during 2019–20 were expected to support up to 85,000 jobs over the life of the projects

Methodology: Analysis of project proponents' proposal reports and estimates from our land transport infrastructure investment employment calculator

Investment in infrastructure boosts employment through direct job creation, by increasing demand for construction inputs such as cement, and through flow-on effects to the broader economy. We facilitate investment in projects across the country, supporting local businesses and higher levels of participation for Aboriginal and Torres Strait Islander suppliers and workers.

In June 2020, the Australian Government announced a \$1.5 billion infrastructure stimulus package in response to the COVID-19 pandemic. This included \$1 billion in funding for shovel-ready projects and \$500 million for targeted road safety works delivered by states and territories.

16. Progress of land transport infrastructure investment projects up to \$100 million

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 15

2020–21 target	2020–21 result	Previous result
By June 2021, projects progressed in accordance with agreed timeframes	Target met Projects have progressed in accordance with agreed timeframes In 2020–21, of major projects up to \$100 million, 148 projects were started and 87 projects were completed	New measure – result not available

Methodology: Analysis of departmental records on project progress

17. Progress of land transport infrastructure investment projects over \$100 million

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 15

2020–21 target	2020–21 result	Previous result
By June 2021, projects progressed in accordance with agreed timeframes	Target met Projects have progressed in accordance with agreed timeframes In 2020–21, of major projects over \$100 million, 26 projects were started and 11 projects were completed	New measure – result not available

Methodology: Analysis of departmental records on project progress

Under the National Partnership Agreement on Land Transport Infrastructure Projects, states and territories are responsible for delivering infrastructure projects. We worked closely with jurisdictions to ensure timely delivery of projects, including monitoring and assessing performance in the delivery of projects to ensure outputs are delivered and outcomes are achieved within the agreed timeframes.

While COVID-19 restrictions have affected some projects in the short term, they remain on track for completion in accordance with their agreed timeframes.

18. COVID-19 safe travel zones established

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 15

2020–21 target	2020–21 result	Previous result
By 30 June 2021, at least one safe zone established	Target met At 30 June 2021, one safe travel zone was established	New measure – result not available

Methodology: Analysis of departmental records

In 2020–21, the Australian Government established a safe travel zone with New Zealand, permitting quarantine-free travel between the countries while minimising the health risk to the community. The safe travel zone was originally established as a one-way zone from October 2020, before expanding to a 2-way zone from April 2021.

We continued to contribute to whole-of-government discussions on the potential for expansion of international arrangements with other very low-risk countries and cohorts, when health advice indicates it is safe to do so.

19. Implementation of Western Sydney International Airport

Source: 2020–21 Portfolio Budget Statements p. 53, 2020–21 Corporate Plan p. 15

2020–21 target	2020–21 result	Previous result
2020–21 milestones met	Target met The 5 milestones set for completion by the end of 2020–21 have been met Key deliverables achieved include awarding of: <ul style="list-style-type: none"> > the Baggage Handling Systems contract on 12 March 2021 > the Terminal and Specialty Works contract on 4 June 2021 	Revised measure for 2020–21 In 2019–20, planning and delivery of the Western Sydney Airport project was consistent with the Western Sydney Airport Plan

Methodology: Analysis of the Western Sydney Airport Plan,²⁵ Western Sydney Airport Statement of Expectations, the project deed, governance arrangements and reports

We oversee the governance and performance of the Western Sydney International (Nancy-Bird Walton) Airport, including the contractual and financial milestones that the airport must meet.

Construction of the airport is progressing and is on track to open in 2026. The Australian Government has committed up to \$5.322 billion in equity to deliver the airport via a government-owned company, Western Sydney Airport (WSA) Co Limited. Bulk earthworks commenced in December 2019, and at May 2021, 64.5% of the earthworks had been completed.

The Western Sydney Airport Plan places conditions on Stage 1 of the airport development, 9 of which we are responsible for implementing. Of these, the department has completed 6 and is implementing the remaining 3 conditions, which are:

- > implementing the Biodiversity Offset Delivery Plan – the department has implemented offsets for 75% of the required species and ecosystems and continues to source remaining offset requirements
- > developing the airspace and flight path design for the airport – work is being overseen by an expert steering group and is progressing on schedule for a 2026 operational date
- > undertaking consultation on a potential Aboriginal cultural heritage Keeping Place – consultations have concluded and the department is considering the best way to progress this work with WSA Co Limited.

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25 Available at: www.westernsydneyairport.gov.au/about/airport-plan

20. Implementation of Inland Rail		
Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 15		
2020–21 target	2020–21 result	Previous result
2020–21 milestones met	<div>Target met</div> <p>The milestones set for 2020–21 have been met. These include:</p> <ul style="list-style-type: none">> Parkes to Narromine section commissioned> construction of Narrabri to North Star (Phase 1) commenced> Queensland Land Acquisition Deed executed> request for proposal for the public–private partnership issued> project cost and schedule reset announced by the government	New measure – result not available
Methodology: Analysis of the Inland Rail Project Development Agreement, Inland Rail ARTC Statement of Expectations, equity financing agreement, governance arrangements and reports		

The Australian Government is funding the Inland Rail project between Melbourne and Brisbane in partnership with private sector investors. To support the Australian Rail Track Corporation (ARTC) to deliver Inland Rail by 2027, the Australian Government committed up to an additional \$5.5 billion in equity, taking the total Australian Government equity investment in ARTC up to \$14.5 billion.

In 2020–21, the Australian Government provided ARTC with \$732.2 million in equity payments and \$8.3 million in grant funding to deliver Inland Rail. Bids for the public–private partnership to deliver the Gowrie to Kagaru sections closed on 15 June 2021.

We worked closely with ARTC and the Department of Finance to support governance and risk management. This included significant engagement with Queensland Government agencies to progress enabling agreements and environmental approvals to support the implementation of Inland Rail. A separate Grade Separations Working Group was established with the New South Wales Government to support the prioritisation of grade separation projects in New South Wales.

21. Implementation of Moorebank Precinct Intermodal Terminal

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 15

2020–21 target	2020–21 result	Previous result
2020–21 milestones met	Target partially met 46% of the precinct is completed Delays to agreements with adjoining landowners and Moorebank Intermodal Company's private sector partner, Sydney Intermodal Terminal Alliance, have prevented all targets being met for Moorebank Avenue Works and Interstate Terminal design	New measure – result not available

Methodology: Analysis of the Moorebank Intermodal Terminal Precinct equity financing agreement, governance arrangements and reports

The Moorebank Intermodal Company was established to facilitate the development of the intermodal terminal at the Moorebank Precinct, a significant infrastructure project that will enable Sydney to manage the expected growth in freight movement throughout the city. We provided oversight of the Moorebank Intermodal Company and assessed performance against a range of milestones relating to 3 specific pieces of work at the precinct – Land Preparation Works, Moorebank Avenue Works and Rail Access Works Stage 2.

Despite delays relating to development approvals and design work, progress continues to be made, with 46% of the precinct complete. The project remains on track for delivery by mid-2023.

22. Implementation of reforms to the disability standards for accessible public transport

Source: 2020–21 Portfolio Budget Statements p. 49, 2020–21 Corporate Plan p. 16

2020–21 target	2020–21 result	Previous result
2020–21 milestones set by the former Council of Australian Governments (COAG) Transport and Infrastructure Council are met	Target met The milestone for 2020–21 was met Milestone: In September 2020, report to the Infrastructure and Transport Senior Officials' Committee on first tranche of proposed new standards prior to the Regulation Impact Statement process	New measure – result not available

Methodology: Analysis of departmental records

The effectiveness and efficiency of the disability standards for accessible public transport are reviewed every 5 years starting from 2007. Following the 2012 review, the department identified the need to reform and modernise the transport standards, and has been working to implement this recommendation in collaboration with the disability community, state and territory governments, and transport representatives.

In October 2020, the Infrastructure and Transport Senior Officials' Committee agreed to the first tranche of issues designed to modernise the transport standards to be progressed as part of Stage 1 of the reform process. A Regulation Impact Statement (RIS) for Stage 1 reforms was released for consultation on 12 February 2021.

Between 12 February 2021 and 23 April 2021, we sought feedback on 16 areas of reform aimed at improving public transport accessibility for people with disability.

Following the consultation process, we have been preparing a Decision RIS on the Stage 1 reforms, which will be considered by transport ministers in late 2021.

The Stage 2 reforms will be considered by ministers by the end of 2022.

23. Implementation of reforms to regulation of the heavy vehicle and rail sectors

Source: 2020–21 Portfolio Budget Statements p. 49, 2020–21 Corporate Plan p. 16

2020–21 target	2020–21 result	Previous result
2020–21 milestones set by the former COAG Transport and Infrastructure Council are met	Target met The milestones set for 2020–21 have been met	New measure – result not available

Methodology: Analysis of departmental records

In November 2018, the former COAG Transport and Infrastructure Council endorsed the National Transport Commission leading a review of the Heavy Vehicle National Law. In June 2020, the National Transport Commission released a Consultation RIS, and submissions to the RIS were received through 2020–21. At the 28 May 2021 Infrastructure and Transport Ministers' Meeting, ministers approved the Heavy Vehicle National Law Safety and Productivity Program, which comprises 6 key projects to develop policy reform options. The National Transport Commission will deliver more detailed advice to ministers over the next 12 months, with legislation to be ready in mid-2023.

In November 2019, the council endorsed a work program for the National Rail Action Plan. The plan has been successfully delivered to date, and at the Infrastructure and Transport Ministers' Meeting in May 2021 ministers committed to a further 3-year work program under the plan.

Both the Heavy Vehicle National Law review and the National Rail Action Plan are intended to boost productivity, improve safety and support efficient regulation of heavy vehicle and rail transport.

24. Average time taken to process monthly progress reports for infrastructure investment

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 16

2020–21 target	2020–21 result	Previous result
At the end of 2020–21, after the introduction of a new Reporting and Program Management System, 5% reduction in average time taken to prepare reports	Target not met While the department continues to make improvements to its business and reporting processes in advance of delivery of the Reporting and Program Management System in 2021–22, it was not in place in 2020–21	New measure – result not available

Methodology: Analysis of average time taken to process and produce reports

25. Average time taken to produce the Infrastructure Investment Monthly Program of Works report

Source: 2020–21 Portfolio Budget Statements p. 41, 2020–21 Corporate Plan p. 16

2020–21 target	2020–21 result	Previous result
At the end of 2020–21, after the introduction of a new Reporting and Program Management System, a 5% reduction in the average time taken to prepare reports	Target not met While the department continues to make improvements to its business and reporting processes in advance of delivery of the Reporting and Program Management System in 2021–22, it was not in place in 2020–21	New measure – result not available

Methodology: Analysis of average time taken to process and produce reports

System savings and improvements are expected upon delivery of the Reporting and Management System for administration of the Infrastructure Investment Program.

Results matrix

Measures	Target met	Target partially met	Target not met	No target
1. Transport costs for road freight				●
2. Transport costs for rail freight				●
3. Aviation network connections	●			
4. Number of projects over \$100 million that deliver travel time savings	●			
5. Domestic CO ₂ emissions and rate of emissions per kilometre: road				●
6. Domestic CO ₂ emissions and rate of emissions per kilometre: rail				●
7. Domestic CO ₂ emissions and rate of emissions per kilometre: maritime				●
8. Domestic CO ₂ emissions and rate of emissions per kilometre: aviation				●
9. Number of remote communities that receive support from the department for air services under the Remote Air Services Subsidy Program	●			
10. Number of fatalities and fatality rate per 100,000 population: road				●
11. Number of fatalities and fatality rate per 100,000 population: maritime				●
12. Number of fatalities and fatality rate per 100,000 population: aviation				●
13. Number of fatalities and fatality rate per 100,000 population: rail			●	
14. Serious injuries due to road crashes and rate of serious injuries due to road crashes per 100,000 population	●			
15. Estimated number of jobs supported over the life of the projects, from infrastructure investment projects underway during the financial year				●
16. Progress of land transport infrastructure investment projects up to \$100 million	●			
17. Progress of land transport infrastructure investment projects over \$100 million	●			

Measures	Target met	Target partially met	Target not met	No target
18. COVID-19 safe travel zones established	●			
19. Implementation of Western Sydney International Airport	●			
20. Implementation of Inland Rail	●			
21. Implementation of Moorebank Precinct Intermodal Terminal		●		
22. Implementation of reforms to the disability standards for accessible public transport	●			
23. Implementation of reforms to regulation of the heavy vehicle and rail sectors	●			
24. Average time taken to process monthly progress reports for infrastructure investment			●	
25. Average time taken to produce the infrastructure investment monthly program of works report			●	
Total	11	1	3	10



Regional development



Improving living standards and facilitating economic growth in cities and regions across Australia

We are committed to delivering outcomes that support Australians living in metropolitan centres and in regional, rural and remote areas. We do this by managing government investments and working with all levels of governments and communities to improve liveability, resilience and economic opportunities. Access to secure water is a key factor in the development and expansion of our primary industries.

Analysis

In 2020, regional areas had their largest net gain from internal migration on record, gaining 43,000 people. Most movement from capital cities went to regional areas in the same state – an existing trend that was hastened by COVID-19. Movement was dominated by families with children. Fewer young people, aged 15–24 years, in regional areas moved to cities.

Natural disasters, border closures, lack of international arrivals and some movement to the regions have had flow-on implications for some parts of the country. This has contributed to housing pressures and workforce shortages, particularly for regional industries reliant on overseas workers.

The 2020–21 Budget included significant funding aimed at managing the response to the 2019–20 bushfires and COVID-19 in regional areas. Delivery partners in the public and private sectors have managed a range of issues related to skills and labour shortages, availability of building supplies, and increased demand across multiple programs.

While some projects have experienced delays as a result of natural disasters and the COVID-19 pandemic, we have managed the impacts within the individual program round timeframes stipulated in the published grant opportunity guidelines. In some cases, program round timeframes were extended in acknowledgement of these circumstances.

The measures of liveability, productivity growth, access to jobs and reduced congestion were all affected by various health management responses to the COVID-19 pandemic. Longer-term measurement and comparison of these impacts will be required. Data availability is limited at the level of individual City Deals. Governance arrangements for each City Deal continue to include the publication of annual progress reports to highlight achievements of individual City Deals in relation to their objectives. These progress reports are published on the department's website. Measures of progress for each City Deal are also considered during reviews of implementation plans. Further cities data will be available once the results of the 2021 Census are available.

Results

Targets, results, methodology and analysis for measures related to regional development

26. Improved liveability, productivity growth, access to jobs and reduced congestion in City Deal locations

Source: 2020–21 Portfolio Budget Statements p. 63, 2020–21 Corporate Plan p. 20

2020–21 target	2020–21 result	Previous result
<p>Improvement in relevant indicators in City Deal locations from the baseline (prior to City Deal signing) to the relevant 3-year City Deal review point</p> <p>Rationale: City Deals are a long-term partnership between government and the community towards a shared vision for productive, liveable cities</p> <p>All City Deals include reviews after 3 years</p>	<p>Target partially met</p> <ul style="list-style-type: none"> > Liveability: Median dwelling price to median income ratios to the end of 2020 were relatively stable. Darwin saw the largest increase at 0.5, while Perth and Adelaide recorded a 0.2 decrease > Productivity growth: The 5-year average employment growth rate for the 2015–20 period was positive for all cities, with the exception of Darwin > Access to jobs: There was a reduction in the number of jobs accessible within 30 minutes across City Deal locations²⁶ > Reduced congestion: There were peak hour travel delay reductions for Hobart, Perth and Adelaide²⁷ <p>Further data on the liveability and productivity of Australia's cities will be available after the next Census update</p>	<p>Revised measure for 2020–21</p> <ul style="list-style-type: none"> > Liveability: There were positive signs on housing affordability, with the dwelling price to income ratio declining in 15 of the largest 21 cities (2019 compared to 2018) <p>Further data on the liveability and productivity of Australia's cities will be available after the next Census update</p> <ul style="list-style-type: none"> > Employment growth: The 5-year average employment growth rate was positive for all 21 largest cities, except Mackay > Reduced congestion: Peak travel delays improved for half of the cities with available data (2018 compared to 2017), including Sydney and Melbourne
<p>Methodology: Analysis of information provided through the <u>National Cities Performance Framework (NCPF)</u>²⁸ and information from City Deals progress reporting</p>		

26 The method of estimating the number and share of jobs accessible by a 30-minute car trip has been updated in the 2021 National Cities Performance Framework.

27 Data available only for Hobart, Perth and Adelaide. The time series includes the period of travel limitations due to COVID-19 public safety measures in 2020.

28 Available at: www.bitre.gov.au/national-cities-performance-framework

We worked with partners throughout 2020–21 to implement City Deal arrangements in Western Sydney, Townsville, Launceston, Hobart, Adelaide, Geelong and Darwin. The Perth City Deal was signed on 20 September 2020, to which the Australian Government has committed \$413 million to leverage \$1.2 billion investment from deal partners. At 30 June 2021, 84% of all City Deal commitments were completed or underway. Since 2016, the Australian Government has invested \$8 billion in City Deals, with deal partners providing an additional \$8.8 billion.

Key City Deal commitments completed and Australian Government investment in 2020–21 include:

- > \$15 million to the Rockwall, which is part of the Port of Townsville Channel Upgrade
- > \$3.5 million to the Wave Attenuator, which is part of the Geelong Waterfront Safe Harbour that was completed in December 2020
- > \$49 million in improving the long-term health of the Tamar Estuary in Launceston.

The 5-year employment growth figure (productivity growth) for 2020–21 showed positive results. However, compared to 2019–20, growth improved for less than half of the City Deal locations with only Perth, Geelong and Townsville having sustained growth. This outcome is likely due to the significant effects of COVID-19 public safety measures in the first half of 2020.

27. Estimated number of jobs supported over the life of projects, from regional development projects underway during the financial year (based on proponent reported data)

Source: 2020–21 Portfolio Budget Statements p. 60, 2020–21 Corporate Plan p. 20

2020–21 target	2020–21 result	Previous result
In 2020–21, provide data for the first time, to demonstrate the impact of funded regional projects	Target met An estimated 663 full-time equivalent jobs were generated by Round 1 Building Better Regions Fund projects in 2020–21 In addition, an estimated 634 full-time equivalent jobs were generated by Round 2 Building Better Regions Fund projects in 2020–21	New measure – result not available

Methodology: Analysis and verification of applicant information about expected and actual job impacts of funded projects

Our regional development programs contributed to employment growth in regional Australia and facilitated partnerships to increase economic growth. Recipients of grants for regional development project funds report on the expected jobs and growth outcomes of their projects; however, for the first time the department undertook an analysis and verification of these figures so they can be used for reporting purposes.

In 2020–21, a consultancy was commissioned to evaluate the outcomes of the Building Better Regions Fund Round 1 projects, with a focus on verifiable economic and employment outcomes. On this basis, the department was provided with an evidence-based methodology to be applied more generally for more robust assessment of economic and employment outcomes for regional development projects, both during project implementation and ongoing. This methodology has been applied to provide the employment estimates above.

28. Partnerships with all levels of government and the private sector to deliver regional development outcomes		
Source: 2020–21 Portfolio Budget Statements p. 60 & 62, 2020–21 Corporate Plan p. 20		
2020–21 target	2020–21 result	Previous result
In 2020–21, partnerships developed and maintained to support regional development programs and policies	<div>Target met</div> Partnerships were developed and maintained in 2020–21	Partnerships developed and maintained in 2019–20
Methodology: Analysis of annual business plans and performance reports from Regional Development Australia (RDA) committees; action plans to address underperformance; stakeholder feedback; the extent to which partnerships are used in the Barkly, Hinkler and Albury Wodonga Regional Deals		

The Australian Government announced \$100 million over 2 years, from 2020–21, to facilitate Regional Recovery Partnerships to coordinate investments with all levels of government to support recovery and growth, deliver jobs and diversify the economy in 10 regions across Australia. While these regions’ economies and employment levels have been affected by COVID-19, there remain significant opportunities for economic diversification towards long-term national growth and resilience.

In 2020–21, the Australian Government announced projects in 7 regions:

- > \$10 million for 7 projects in Gippsland, Vic
- > \$10 million for 1 project in Cairns and Tropical North Queensland, Qld
- > \$10 million for 3 projects in Gladstone, Qld
- > \$10 million for 3 projects in the Mackay–Isaac–Whitsunday region, Qld
- > \$10 million for 3 projects in the South West region, WA
- > \$10 million for 3 projects in Parkes, NSW
- > \$10 million for 1 project in the Snowy Mountains, NSW.

Regional Development Australia (RDA) is a national network of 53 committees across Australia, including the Indian Ocean Territories, Norfolk Island and Jervis Bay Territory. These committees are made up of local leaders who work with all levels of government, business and community groups to support economic and workforce development, local procurement and strategic regional planning, and inform government programs and infrastructure investments.

We streamlined the RDA Charter²⁹ in 2020–21 to provide greater focus for RDAs on key regional development focus areas. The refreshed committee membership enabled further partnerships to be developed.

The Barkly and Hinkler Deals are tailored to the advantages, assets and challenges of each region. We worked in cooperation with the Barkly community leaders to make better design decisions for infrastructure builds, returning agency and accountability to the local community.

Delivery of the Barkly Deal is on track against the published Implementation Plan,³⁰ with 3 initiatives completed and critical work underway examining and reforming government investment.

Key projects in the Hinkler Deal were completed in 2020–21, including the Hervey Bay Airport revitalisation, development of the Bargara Ag-Tech Facility, and construction of the Childers Road overtaking lanes. The remaining commitments have been progressing well.

Furthermore, negotiations have progressed on the proposed Albury Wodonga Deal, with all 5 partners across 3 levels of government working towards the signing of the deal in 2021.

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²⁹ Available at: www.rda.gov.au/about

³⁰ Available at: www.regional.gov.au/regional/deals/Barkly.aspx

29. Investment in projects that improve the availability and/or reliability of water for agriculture through new or enhanced extraction, storage and distribution infrastructure

Source: 2020–21 Portfolio Budget Statements p. 60, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
In 2020–21, increased availability and/or reliability of water	<div>Target met</div> <p>\$177 million was invested</p> <p>Completed projects delivering water improvements, totalling 10.8 gigalitres, are:</p> <ul style="list-style-type: none">> Mitiamo (1,000 megalitres)> Macalister 1B (9,700 megalitres)> Warwick (73 megalitres)	New measure – result not available

Methodology: Analysis of departmental records on the number of projects funded and payments made through the National Water Grid Fund, or the National Water Grid Authority’s science program to deliver or progress new or enhanced water infrastructure; positive change in planned water entitlements and/or increase in water: volume/capacity/reliability/security

We worked collaboratively with the states and territories to identify, plan and deliver Australia’s next generation of water infrastructure. This recognises the important role states and territories play in the management of Australia’s water resources and the National Water Grid. The National Water Grid Authority played a key role in coordinating a national approach to water infrastructure planning and development, and shaping national water infrastructure policy.

In 2020–21, approximately \$177 million was invested in water infrastructure construction and business case projects, and the science program that informs investment decisions.

The completion of the Mitiamo and District Reticulated Water Supply, the Macalister Irrigation District 1B projects in Victoria and the Warwick Recycled Water for Agriculture project in Queensland contributed to increased water availability (10,773 megalitres or 10.8 gigalitres) and reliability of supply through efficiency measures, and improvements to water distribution networks.

30. Projects contracted, completed and funds expended through administered regional and drought programs: Building Better Regions Fund

Source: 2020–21 Portfolio Budget Statements p. 60, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target met</p> <p>At 30 June 2021, of 995 Building Better Regions Fund Projects, 984 were contracted and 651 completed (\$466.3 million expended)</p>	<p>New measure – result not available</p>

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The Building Better Regions Fund creates jobs, drives economic growth and builds stronger communities through community program investments ranging from \$20,000 to \$10 million.

The Australian Government committed \$450 million over the forward estimates for a further 2 rounds of the Building Better Regions Fund, to support investment in community infrastructure and capacity-building projects in regional areas. In Round 5, the government dedicated \$100 million to tourism-related infrastructure projects.

In 2020–21, \$170.1 million was awarded to 150 recipients through the Building Better Regions Fund.

Key projects include:

- > \$3.6 million for the expansion of an aged care facility in Temora, NSW
- > \$7.8 million for the radio network upgrade of Flinders and Cape Barren Islands, Tas
- > \$7.6 million for youth-focused infrastructure across the Barkly region, NT.

31. Projects contracted, completed and funds expended through administered regional and drought programs: Stronger Communities Program

Source: 2020–21 Portfolio Budget Statements p. 60, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target met</p> <p>At 30 June 2021, of the 12,885 Stronger Communities Program projects, 12,855 were contracted and 10,330 completed (\$121.83 million expended)</p> <p>The data provided is for Rounds 1 to 6</p>	<p>New measure – result not available</p>

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The Stronger Communities Program provides funding of between \$2,500 and \$20,000 for small capital projects that deliver social benefits for local communities across Australia. Up to \$150,000 was made available to each of the 151 federal electorates to fund up to 20 projects in each electorate.

Examples of these projects include:

- > \$8,905 upgrade to kitchen and bathroom facilities at the Penola Men's Shed, SA
- > \$3,705 fitout to a training room at the Redhead Bush Fire Brigade, Diamond Beach, NSW.

The impacts of natural disasters and COVID-19 have resulted in the delay of several projects from Round 5. Individual project end dates were extended on a case-by-case basis, acknowledging these circumstances. All Round 6 approved projects were contracted before the end of June 2021.

32. Projects contracted, completed and funds expended through administered regional and drought programs: Community Development Grants Program

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target met</p> <p>At 30 June 2021, of the 1,440 Community Development Grants Program projects, 1,253 were contracted and 915 completed (\$1.073 billion expended)</p>	<p>New measure – result not available</p>

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The Community Development Grants Program supports needed infrastructure that promotes stable, secure and viable local and regional economies, through projects identified by the Australian Government.

A further \$102.8 million was provided to the Community Development Grants Program in the 2020–21 Budget. Examples of projects include:

- > \$23 million towards the new Rockhampton Stadium in Victoria Park, Qld
- > \$5 million towards the Regional Indoor Aquatic and Leisure Facility in Mount Barker, SA
- > \$5 million towards the Goolwa Sports Precinct, SA.

Where projects announced under the Community Development Grants Program are not tender ready, delays can result in contracting these projects and milestone slippages for contracted projects can occur.

COVID-19 has affected and continues to affect the ability to secure and/or retain partner funding for projects, as well as resulted in delayed access to both materials and suitable contractors for the larger projects.

33. Projects contracted, completed and funds expended through administered regional and drought programs: National Stronger Regions Fund

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target met</p> <p>At 30 June 2021, of the 225 National Stronger Regions Fund projects, 224 were contracted and 215 completed (\$579.1 million expended)</p>	<p>New measure – result not available</p>

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The National Stronger Regions Fund provides investment in infrastructure projects. This delivers economic benefits and addresses disadvantage through a competitive grants program, with grants of between \$20,000 and \$10 million. Examples of projects include:

- > construction of a new Ronald McDonald House in Westmead, providing accommodation annually to approximately 1,360 families from across regional New South Wales, interstate and overseas
- > redevelopment of the Visitor Accommodation at Gapuwiyak, to facilitate tourism and deliver social and economic outcomes for East Arnhem and the broader region.

Ten projects were not completed by 30 June 2021. Approval to extend these projects will see them completed in 2021–22.

34. Projects contracted, completed and funds expended through administered regional and drought programs: Regional Jobs and Investment Package

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target met</p> <p>At 30 June 2021, of 233 Regional Jobs and Investment Package projects, 233 were contracted, and 196 completed (\$170.2 million expended)</p>	<p>New measure – result not available</p>

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The Regional Jobs and Investment Package was established in 2017 to help 10 regions stimulate long-term economic growth and sustainable employment.

Under the package, a \$3.4 million grant was awarded to the Salvation Army (Qld) Property Trust to build a residential aged care facility in Mossman, North Queensland. The project is expected to support up to 25 jobs following construction.

Several projects were delayed as a result of natural disasters and COVID-19. Acknowledging these circumstances, the program is expected to be completed by 30 June 2022.

35. Projects contracted, completed and funds expended through administered regional and drought programs: Regional Growth Fund

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
<p>By June 2021, delivery of projects to meet agreed timeframes</p> <p>The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs</p>	<p>Target partially met</p> <p>At 30 June 2021, of 17 Regional Growth Fund projects, 17 were contracted and 2 completed (\$51.4 million expended)</p>	<p>New measure – result not available</p>
<p>Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs</p>		

The Regional Growth Fund provides grants of \$10 million or more for major transformational projects that support long-term economic growth in regions. Examples of these projects include:

- > \$28.5 million for the construction of a projectile forging plant in Maryborough, Qld
- > \$12 million for the upgrade of the potato processing facility in Ulverstone, Tas
- > \$25 million for the construction of a regional aquatic, arts and leisure precinct in Mackay Park, Batemans Bay, NSW.

Projects funded by the Regional Growth Fund were affected by COVID-19, with 2 projects terminated because they could not obtain partner funding. In addition, several projects have experienced significant delays in the delivery of materials and a new manufacturing plant. Some payments expected to be made this year have been moved to the 2021–22 financial year.

36. Projects contracted, completed and funds expended through administered regional and drought programs: Drought Communities Program Extension

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
By June 2021, delivery of projects to meet agreed timeframes The target is based on agreed timeframes to deliver community grants and local projects in the identified regional programs	Target met At 30 June 2021, while 531 Drought Communities Program Extension projects were planned, there were 356 completed (\$273.1 million expended)	New measure – result not available

Methodology: Analysis of departmental records on projects contracted, completed and funds expended in regional programs

The Drought Communities Program Extension provided grants of either \$500,000 or \$1 million to councils in eligible drought-affected local government areas for local infrastructure projects, events and other drought relief activities.

We contracted all councils in 180 eligible local government areas to deliver projects using grant funds from the Drought Communities Program Extension.

The delivery of projects to agreed deadlines was affected by COVID-19, with 125 councils requesting extensions to their project end date. The Drought Communities Program Extension was extended by a further 12 months to 30 June 2022 to accommodate project delays. The program is expected to be completed within this timeframe.

37. Financial assistance is provided to support equitable levels of services by local government bodies

Source: 2020–21 Portfolio Budget Statements p. 62, 2020–21 Corporate Plan p. 21

2020–21 target	2020–21 result	Previous result
In 2020–21, payments are provided in accordance with the <u>Local Government (Financial Assistance) Act 1995</u>	Target met \$2.606 billion in financial assistance was provided in 2020–21	\$2.562 billion in financial assistance was provided in 2019–20 Note: The final result for 2019–20 was \$2.576 billion in financial assistance. This was not available at the time of publication

Methodology: Analysis of departmental records.

In 2020–21, we continued to administer the Financial Assistance Grants Program. We paid a total of \$2.606 billion in quarterly instalments to state and territory governments, for immediate distribution to local governing bodies. Local governments were able to spend the funds according to local priorities, improving their capacity to provide an equitable level of services.

A payment of 50% of the allocation for 2021–22 was paid on 7 June 2021, to support local governments in managing the impacts of COVID-19.

Table 4.3 Financial assistance to jurisdictions, 2020–21

Jurisdiction	General purpose	Local roads	Total
NSW	\$574,719,921	\$232,359,447	\$807,079,368
Vic	\$470,474,706	\$165,111,800	\$635,586,506
Qld	\$362,816,584	\$150,054,941	\$512,871,525
WA	\$186,869,613	\$122,455,218	\$309,324,831
SA	\$124,409,262	\$44,013,597	\$168,422,859
Tas	\$38,018,660	\$42,440,801	\$80,459,461
ACT	\$30,247,375	\$25,680,458	\$55,927,833
NT	\$17,320,005	\$18,760,393	\$36,080,398
Total	\$1,804,876,126	\$800,876,655	\$2,605,752,781

38. Projects funded through the National Water Grid Fund³¹ and Science Program are delivered within agreed milestones and budgets

Source: 2020–21 Portfolio Budget Statements p. 61, 2020–21 Corporate Plan p. 22

2020–21 target	2020–21 result	Previous result
In 2020–21, 100% of project milestones met, within budget, and payments made on time	Target partially met 93% of project milestones were met within budget and on time	New measure – result not available

Methodology: Analysis of departmental records tracking project milestones, project budgets and payment dates

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31 Previously referred to in the 2020–21 Portfolio Budget Statements and 2020–21 Corporate Plan as the National Water Infrastructure Development Fund. As part of the 2020–21 Budget process, the program was renamed to the National Water Grid Fund.

Through the National Water Grid Fund, 8 water infrastructure projects were completed³² since the establishment of the National Water Grid Authority in October 2019. The following projects were completed in 2020–21:

- > Mitiamo and District Reticulated Water Supply (\$14.5 million), completed in April 2021
- > Warwick Recycled Water for Agriculture (\$309,261), completed in February 2021
- > Macalister Irrigation District 1B (\$20 million), completed in December 2020.

The National Water Grid Authority worked closely with state and territory governments to identify and invest in water infrastructure that supports agricultural growth, increases water security and builds drought resilience.

Of the projects funded in 2020–21, 38 milestone payments out of 41 contracted in bilateral schedules with states and territories in the 2020–21 financial year were paid.

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32 Further information is available at: www.nationalwatergrid.gov.au/program

Case study

Construction of the Rookwood Weir near Rockhampton, Queensland

A new weir on the Fitzroy River will increase the region's water security

- > Expected completion: **mid-2023**
- > **86,000 megalitres** of water available for productive use
- > More than **200 construction jobs** supported

The construction of the Rookwood Weir commenced in April 2021. The \$367.2 million project is funded by the Australian and Queensland governments. In March 2021, the Australian Government committed an additional \$7.5 million to increase the weir's annual yield by 10,000 megalitres.

The weir will rise 16.2 metres from the riverbed and span approximately 350 metres, creating a 60-kilometre storage of water. The construction of supporting infrastructure is well advanced, with the new Riverslea Bridge completed in June 2021, to replace a much smaller bridge that was prone to flooding.

The project will enable the growth and diversification of agriculture in the region.



Results matrix

Measures	Target met	Target partially met	Target not met	No target
26. Improved liveability, productivity growth, access to jobs and reduced congestion in City Deal locations		●		
27. Estimated number of jobs supported over the life of projects, from regional development projects underway during the financial year (based on proponent reported data)	●			
28. Partnerships with all levels of government and the private sector to deliver regional development outcomes	●			
29. Investment in projects that improve the availability and/or reliability of water for agriculture through new or enhanced extraction, storage and distribution infrastructure	●			
30. Projects contracted, completed and funds expended through administered regional and drought programs: Building Better Regions Fund	●			
31. Projects contracted, completed and funds expended through administered regional and drought programs: Stronger Communities Program	●			
32. Projects contracted, completed and funds expended through administered regional and drought programs: Community Development Grants Program	●			
33. Projects contracted, completed and funds expended through administered regional and drought programs: National Stronger Regions Fund	●			
34. Projects contracted, completed and funds expended through administered regional and drought programs: Regional Jobs and Investment Package	●			
35. Projects contracted, completed and funds expended through administered regional and drought programs: Regional Growth Fund		●		
36. Projects contracted, completed and funds expended through administered regional and drought programs: Drought Communities Program Extension	●			
37. Financial assistance is provided to support equitable levels of services by local government bodies	●			
38. Projects funded through the National Water Grid Fund and Science Program are delivered within agreed milestones and budgets		●		
Total	10	3	0	0



Territories



Providing governance frameworks and services in the territories

We administer essential infrastructure and services to residents of Norfolk Island, Christmas Island, the Cocos (Keeling) Islands and the Jervis Bay Territory. We also administer the Ashmore and Cartier Islands and the Coral Sea Islands territories, and manage national interests in the Australian Capital Territory and Northern Territory.

Analysis

In 2020–21, COVID-19 significantly affected Australia’s external territories. Travel restrictions established to protect these remote and vulnerable communities affected aviation and freight services, local tourism and related businesses, and the delivery of materials and equipment for capital works and other projects.

We continued to protect the local communities and support their economies to manage and recover from the pandemic. Throughout 2020–21, we delivered 22 projects on Norfolk Island and 23 projects in the Indian Ocean Territories, including:

- > an independent Review of Norfolk Island’s emergency management governance arrangements
- > the Norfolk Island Water Resources Assessment project.

As part of the COVID-19 response, the Australian Government provided an additional \$13.5 million in economic stimulus aimed at supporting remote communities and businesses in the external territories. This tailored economic package of community infrastructure and tourism promotion projects was made available in recognition of the Commonwealth’s special role in the governance of the territories.

Results

Targets, results, methodology and analysis for measures related to territories

39. Communities in the external territories and Jervis Bay Territory have comparable services and essential infrastructure to mainland Australia		
Source: 2020–21 Portfolio Budget Statements p. 67 , 2020–21 Corporate Plan p. 26		
2020–21 target	2020–21 result	Previous result
Service delivery arrangements and contracts in 2020–21 deliver comparable services and essential infrastructure to mainland Australia	<div>Target met</div> State-type services and essential infrastructure were delivered	Service delivery arrangements and contracts were in place
Methodology: Analysis of contracts in place with service providers		

In 2020–21, we delivered fit-for-purpose services to the non-self-governing territories through service delivery arrangements with state government agencies, contractual arrangements with private sector entities and funding of local government. We worked with partners on virtual and remote service delivery and support, in recognition of the impacts of COVID-19 and related travel restrictions.

We managed the provision of critical infrastructure in the non-self-governing territories through maintenance, replacement and repairs as needed. Our capability to effectively manage critical infrastructure has recently been enhanced with the implementation of a new asset management framework. The framework is designed to improve the ability to strategically manage critical infrastructure in support of essential services across the territories.

We are committed to the continuity of high-quality service provision on Norfolk Island. In June 2021, the Australian and Queensland governments reached an agreement to develop an enduring intergovernmental agreement for the delivery of critical state-type services such as health and education, providing stability and certainty of service provision for the Norfolk Island community. Once settled, the agreement will allow state services to extend beyond health and education to provide rights and protections comparable with mainland Australia.

Travel restrictions prevented Air New Zealand from delivering regular government-underwritten passenger flights to Norfolk Island. We responded by engaging Qantas to provide replacement services to minimise flight disruptions. Furthermore, we negotiated with airlines and freight providers to increase passenger airline services and freight capacity to strengthen supply chains and support the local economies and communities in the Indian Ocean Territories and Norfolk Island.

Health services in the external territories have received ongoing support and additional resources to help with surge capacity, local testing and contact tracing requirements related to COVID-19. We have secured all equipment and resources required to administer vaccinations in a whole-of-community rollout for the Norfolk, Christmas and Cocos (Keeling) Islands. The highly successful commencement of the rollout on Christmas and Cocos (Keeling) Islands led to the completion of the first vaccinations for the highest priority categories of the population.

Case study

Economic stimulus funding to support netball and tennis court resurfacing

The Norfolk Island Cheryl Tennis Club and Norfolk Island Netball Association were grateful recipients of the Norfolk Island COVID-19 economic stimulus funding projects delivered by the department.

Both community facilities are run by active committees and required the playing courts to be resurfaced. The tennis and netball court surfaces were in a poor condition and unsafe for competitions.

The projects enabled the court surfaces to be upgraded, with the netball club further able to install new fencing with seating, renovate the old grandstand to create a shaded BBQ space and refurbish the goal posts. The surfaces are now safer and ready for national and local competitions. The upgrade will generate tourism opportunities and fundraising for the clubs.

Both areas will be well used by the community and the feedback has been positive.



40. Commonwealth legal and governance frameworks in Australia's territories are appropriate for the protection and wellbeing of the communities

Source: 2020–21 Portfolio Budget Statements p. 67 , 2020–21 Corporate Plan p. 26

2020–21 target	2020–21 result	Previous result
Legal and governance frameworks operating in 2020–21 are comparable to other Australian jurisdictions, with territory-specific modifications as necessary	Target met Legal and governance frameworks are in place, and are being modified where necessary to make improvements and align with other Australian jurisdictions	Legal and governance frameworks were in place
Methodology: Analysis of state-type frameworks and advice from state service providers		

In 2020–21, changes were made to laws applying in Norfolk Island to facilitate improvements to service delivery and further align rights and responsibilities in Norfolk Island with the rest of Australia, including:

- > amendments to employment laws to provide for improved delivery of the Norfolk Island workers compensation scheme
- > modernising traffic and road rules focused on road safety
- > amendments to laws to improve the administration of births, deaths and marriages registrations.

To manage the response to COVID-19 in the territories, our work included legislative instruments to support:

- > emergency management arrangements in the external territories
- > public health orders for the Jervis Bay Territory
- > rules to provide temporary relief to businesses affected by the pandemic, aligning with the availability of such measures in other Australian jurisdictions.

In September 2020, the Norfolk Island Amendment (Supreme Court) Bill 2020 passed the Australian Parliament, making improvements to the operation of the Norfolk Island Supreme Court and strengthening provisions for remote operations.

In December 2020, the Territories Legislation Amendment Bill 2020 passed the Australian Parliament, making further improvements to governance frameworks in the territories. The Act extends existing Commonwealth legislation to the external territories, in particular the regulation of corporations, bankruptcy, broadcasting, and education services for overseas students.

Results matrix

Measures	Target met	Target partially met	Target not met	No target
39. Communities in the external territories and Jervis Bay Territory have comparable services and essential infrastructure to mainland Australia	●			
40. Commonwealth legal and governance frameworks in Australia's territories are appropriate for the protection and wellbeing of the communities	●			
Total	2	0	0	0



Communications connectivity



Enabling people in Australia to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth

We are committed to providing an environment in which all Australians can safely access and benefit from communications services.

We work to support postal and telecommunications connectivity for inclusiveness and economic growth.

Analysis

Telecommunications and broadcasting services play a significant role in modern life. They not only support our engagement with families and friends and help us work, learn and do business, but they also provide access to health and government services, and foster our cultural identity.

The significance of communications infrastructure has been highlighted in times of crisis. This was demonstrated during the 2019–20 bushfire season, the COVID-19 pandemic, and other natural disasters in 2020–21, such as cyclones in Queensland and Western Australia, and flood events in Queensland, New South Wales and Victoria. Telecommunications and broadcasting services help convey essential information to Australians, and have enabled many of the necessary COVID-19 lockdown measures.

COVID-19 has resulted in a significant number of people working and studying from home, relying on broadband internet and telephone services to connect to their workplaces, schools and universities, to access telehealth services and entertainment, and to keep in contact with friends and family. This at-home activity was only possible due to high-quality, reliable telecommunications services.

In 2020–21, the Australian Government delivered major reforms to Australia’s world-leading online safety framework. By supporting a safer online environment, we assisted Australians to confidently engage online and enjoy the benefits of the digital economy.

Results

Targets, results, methodology and analysis for measures related to communications connectivity

41. Percentage of Universal Service Obligation (USO) targets met by Telstra		
Source: 2020–21 Portfolio Budget Statements p. 74, 2020–21 Corporate Plan p. 31		
2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows 100% met	<div>Target met</div> <p>Our assessment of 2020–21 reporting determined that Telstra met 100% of its payment benchmarks under the contract performance obligations, which relate to it meeting connection and repair timeframes for telephone services and payphones</p>	100% in 2019–20
Methodology: Analysis of reporting from Telstra		

The Universal Service Obligation (USO) is a long-standing consumer protection to ensure people in Australia have access to basic voice telephony regardless of where they live or work. We monitored Telstra's delivery of the USO through monthly meetings and analysis of reporting. This included engaging with Telstra to respond to identified issues of concern and understanding the impact of natural disasters and COVID-19 on service delivery. Our assessment of 2020–21 reporting determined that Telstra met 100% of its performance obligations, which relate to connection and repair timeframes for telephone services and payphones.

42. Percentage of contractual arrangements for the Triple Zero Emergency Call Service delivered by Telstra

Source: 2020–21 Portfolio Budget Statements p. 74, 2020–21 Corporate Plan p. 31

2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows 100% delivered	Target met 100% of contractual arrangements for the Triple Zero Emergency Call Service were delivered by Telstra in 2020–21	New measure – result not available

Methodology: Analysis of reporting from Telstra

43. Percentage of Community Service Obligations (CSOs) met by Australia Post

Source: 2020–21 Portfolio Budget Statements p. 74, 2020–21 Corporate Plan p. 31

2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows 100% met	Target met 100% of Community Service Obligations were met in 2020–21	100% in 2019–20

Methodology: Analysis of reporting from Australia Post

Australia Post provides quarterly progress reports to shareholder ministers and departments on performance against the prescribed performance standards.

Australia Post's performance results against the prescribed performance standards for 2020–21, in particular for on-time delivery and delivery frequency, take into account the temporary regulatory relief it was granted until 30 June 2021.

Australia Post met or exceeded all prescribed performance standards for 2020–21. Performance information for the year is published in Australia Post's annual report.

44. Amount of new and improved mobile coverage delivered in regional areas under the Mobile Black Spot Program

Source: 2020–21 Portfolio Budget Statements pp. 72 & 75, 2020–21 Corporate Plan p. 31

2020–21 target	2020–21 result	Previous result
≥95% of total contracted (predictive) coverage is delivered by end 2020–21	Target met More than 100% of total contracted (predictive) coverage was delivered at the end of 2020–21	Across all assets completed with program funding since the program began in 2014–15, more than 100% of total contracted (predictive) coverage was delivered
Methodology: Analysis of program contracts and asset completion reports to compare contracted coverage with delivered coverage across the program		

In regional and remote parts of Australia, the Mobile Black Spot Program helped subsidise the cost of building new infrastructure to deliver new and improved mobile coverage in locations where it would otherwise be commercially unviable. At 30 June 2021, 938 base stations funded under Rounds 1 to 5 of the program were completed, giving local communities access to better mobile coverage. Analysis of asset completion reports for completed base stations shows that over 160,000 km² of new and upgraded coverage had been delivered, compared to 135,000 km² of contracted coverage.

45. Affordability of telecommunications services (mobile and fixed) on offer

Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 31

2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 indicates affordability is maintained or increased	Target met Affordability has improved in 2020–21 The evidence showed relative household expenditure on telecommunications has remained steady, prices were trending downwards and digital affordability improved	Affordability improved in 2019–20
Methodology: Analysis of reporting from the Australian Competition and Consumer Commission (ACCC) and of results from affordability indexes tracked in our Bureau of Communications, Arts and Regional Research		

The affordability of services is a key element of digital inclusion. To analyse affordability, we considered:

- > the most recent Australian Competition and Consumer Commission (ACCC) Communications Market Report 2019–20,³³ from December 2020
- > telecommunications affordability indexes, based on the Household, Income and Labour Dynamics in Australia (HILDA) Survey³⁴
- > telecommunications market competition and NBN pricing³⁵
- > outcomes of the Australian Digital Inclusion Index,³⁶ an annual report by RMIT University based on Roy Morgan Research data
- > consumer price index information³⁷ published by the Australian Bureau of Statistics. It shows that the weighted average price index for telecommunications equipment and services in the 8 capital cities fell 1.3% over the 12 months to June 2021.

In 2020–21, NBN Co maintained pricing well below regulatory pricing caps. Overall, affordability of telecommunications has improved in 2020–21.

46. Impact of our programs on improving connectivity for people with a disability

Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 31

2020–21 target	2020–21 result	Previous result
Impact maintained or increased in 2020–21	Target met We maintained the impact of our programs in 2020–21 More than 14 hours per week of audio description was provided each by the ABC and SBS during 2020–21	We maintained the impact of our programs in 2019–20

Methodology: Analysis of National Relay Service provider reporting; Australian Communications and Media Authority (ACMA) reporting on compliance by free-to-air television broadcasters on captioning compliance; and reporting on audio description by the national broadcasters

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33 Available at: www.accc.gov.au/system/files/20-47RPT_Communications_Market_Report_FA.pdf

34 Available at: <https://melbourneinstitute.unimelb.edu.au/hilda>

35 Further information is available at: www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release

36 Available at: <https://digitalinclusionindex.org.au/the-index-report/report/>

37 Available at: www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0

During 2020–21, more than 14 hours per week of audio description was provided each by the ABC and SBS. There was a high level of compliance with captioning obligations by licensed broadcasters.

The National Relay Service is provided under contract and funded from our Public Interest Telecommunications Services Special Account and recovered through the Telecommunications Industry Levy. It allows people who are deaf, are hard of hearing and/or have a speech impairment to make and receive phone calls. The National Relay Service relayed just under 450,000 calls in 2020–21, for 3,700 registered users. Costs for 2020–21 were within the allocated budget of \$20 million.

In June 2020, the ABC and SBS received grants of \$2 million which enabled them to provide a minimum of 14 hours a week of audio description on a range of popular television programming across both networks, including ABC1, ABC Kids, ABC Comedy, ABC ME, SBS, SBS Viceland, SBS World Movies and NITV.

In 2020–21, the Australian Communications and Media Authority (ACMA) reported a very high level of compliance with legislative obligations among free-to-air broadcasters and a high level of compliance by subscription TV broadcasters with respect to captioning. However, several smaller subscription TV channel providers did not meet their targets.

47. The effectiveness of initiatives to protect Australians online		
Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 32		
2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows measures to protect Australians online were effective	<div>Target met</div> Reporting in 2020–21 showed the measures taken to protect Australians online were effective, through the number of reports responded to by the eSafety Commissioner and by the passing of the Online Safety Act 2021	Revised measure for 2020–21 – result not comparable
Methodology: Analysis of: (a) number of cyberbullying and image-based abuse reports made to the eSafety Commissioner (b) number of items prohibited/potential prohibited content identified by the eSafety Commissioner (c) number of visitors to the eSafety Commissioner’s website (d) information on illegal wagering operators withdrawing services from Australia		

We advised the Australian Government on the effectiveness of the online safety framework to help Australians stay safe online. We worked to keep regulatory settings up to date and address online harms appropriately, particularly for the most vulnerable members of the community.

On 23 June 2021, the *Online Safety Act 2021* was passed by the Australian Parliament, following a significant work program of policy development, industry and public consultation, and legislative development. The Act provides new and strengthened schemes and enhanced reporting requirements for the eSafety Commissioner that will be reflected in future annual reports. The legislative provisions will take effect 6 months after the date of royal assent.

We advised the government on the online gambling policy, including measures to protect Australians from illegal offshore gambling services, and restrictions on gambling promotions during online streams of live sporting events. Offshore gambling services provide minimal consumer protections and heighten the risk of problem gambling. ACMA made 272 requests under section 313 of the *Telecommunications Act 1997* to internet service providers to block access to illegal online gambling services.

We advised the government on gambling advertising regulation in Australia, including rules that restrict the showing of gambling promotions during online streams of live sporting events. During 2020–21, ACMA investigated one gambling promotion under the *Broadcasting Services (Online Content Service Provider Rules) 2018*, which did not result in a breach.

48. Postal services complaints data

Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 32

2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows maintained or improved services	Target met Reporting in 2020–21 shows positive results. While total 2020–21 complaints of 3,656 are higher than when compared to last year, the increase reflects the significant growth in parcel volumes due to COVID-19. The fourth quarter of 2020–21 also saw complaints decrease by 41.1% year-on-year	Reporting in 2019–20 showed positive results

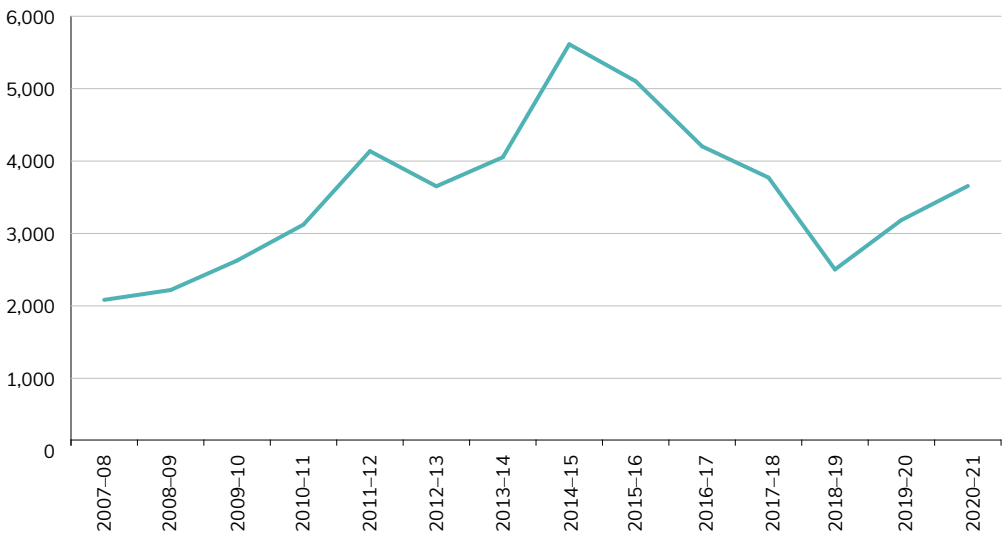
Methodology: Analysis of reporting from the Postal Industry Ombudsman about Australia Post, including descriptive information on trends driving complaints and supporting quantitative information on the volume of complaints made

We monitored reporting on postal services complaints to the Postal Industry Ombudsman as an indicator of the health of the postal industry. Though this reporting shows that 2020–21 complaints at 3,656 were higher than last year, the Postal Industry Ombudsman has reported complaints have begun to reduce due to Australia Post and other postal

operators adapting their operations around COVID-19 disruptions. The fourth quarter of 2020–21 saw complaints decrease by 41.1% year-on-year.

To put the higher complaint numbers into context, Australia Post's parcel volumes increased significantly during the pandemic, with 52 million packages delivered in December 2020, a 20% increase on the previous December.

Figure 4.2 Australia Post complaints received by the Postal Industry Ombudsman



Complaints about postal services tend to be seasonal, but throughout the year issues related to delivery, loss and delay continued to be the main complaints.

49. Telecommunications complaints data		
Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 32		
2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows maintained or improved services	<div>Target met</div> Reporting in 2020–21 shows positive results ACMA data showed overall there was a decrease in telecommunications complaints received compared to the previous year	Reporting in 2019–20 showed positive results
Methodology: Analysis of reporting on telecommunications complaints from the Telecommunications Industry Ombudsman and ACMA		

We are responsible for the policy and regulatory settings governing the telecommunications market. Complaints data provides insight into customer experiences and the effectiveness of consumer protection policy.

The results in 2020–21 showed a drop in overall complaint volumes reported to ACMA.

Telecommunications service providers received:

- > 32% fewer complaints in quarter 1 of 2020–21, compared to quarter 1 of 2019–20
- > 25% fewer complaints in quarter 2 of 2020–21, compared to quarter 2 of 2019–20
- > 15.3% fewer complaints in quarter 3 of 2020–21, compared to quarter 3 of 2019–20.

In total, telecommunications service providers received 815,064 complaints in quarters 1 to 3 of 2020–21, compared to 1,077,723 complaints in quarters 1 to 3 of 2019–20.

Furthermore, a trend towards lower numbers of complaints escalated to the Telecommunications Industry Ombudsman. The ombudsman received 95,358 complaints in quarters 1 to 3 of 2020–21, compared to 93,822 complaints in quarters 1 to 3 of 2019–20.

The positive results in 2020–21 suggest that policy and regulatory settings are improving consumer outcomes. Options for further improving telecommunications consumer protections are being considered through the ongoing Consumer Safeguards Review.

50. NBN consumer experience and ACCC speed performance data		
Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 32		
2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows positive consumer experience and maintained or improved speed performance data	<div>Target partially met</div> <p>Data available showed that network speeds increased significantly over the 2020–21 financial year. However, the impacts of COVID-19, and workforce scheduling issues, caused a temporary decline in some key NBN consumer experience metrics during 2021</p>	New measure – result not available
Methodology: Analysis of reporting on consumer experience metrics by NBN Co and broadband speed measurement by ACCC through its Measuring Broadband Australia reporting		

We monitored the experience of consumers on the NBN through analysis of NBN Co and ACCC reporting.

NBN Co's published monthly progress reports include a range of metrics underpinning consumer experience. Overall these metrics remained strong, including the metrics relating to reliability and performance, which are particularly important given reliance on broadband services during the COVID-19 pandemic period. However, in the first half of 2021, some metrics were impacted by supply chain shortages for hybrid fibre-coaxial (HFC) equipment caused by COVID-19, and challenges experienced in the rollout of a new workforce scheduling system. This directly impacted NBN Co meeting connection and fault restoration timeframes.

The most recent Measuring Broadband Australia program results, published in June 2021 and reflecting February 2021 test results, showed that performance of NBN fixed line services improved significantly in 2020–21. The program reported that the proportion of advertised download speeds achieved by monitored services increased from 88.5% in the program's September 2020 report (June 2020 results) to 96.7% in the June 2021 report (February 2021 results). On the same basis, the proportion of advertised speeds achieved during busy hours increased from 87.6% to 95.7%.

51. Minimum peak fixed broadband download speeds available to Australian premises		
Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 32		
2020–21 target	2020–21 result	Previous result
In 2020–21, NBN to offer at least: <ul style="list-style-type: none">> 25 Mbps peak wholesale speeds to every premises> 50 Mbps peak wholesale speeds to 90% of premises in the fixed line footprint, except for premises still in the coexistence period³⁸	Target partially met <ul style="list-style-type: none">> 98.55% of premises are receiving peak wholesale speeds of at least 25 Mbps> 90.45% of fixed line premises are receiving at least 50 Mbps	First results expected in 2020–21
Methodology: Analysis of NBN Co and regulator reporting		

Data provided by NBN Co is used to assess the extent to which the company has met these targets. At 30 June 2021, the NBN was supporting peak wholesale download speeds of at least:

- > 50 megabits per second (Mbps) to 90.45% of premises in its fixed line footprint
- > 25 Mbps to 98.55% of all premises it serves.

Ongoing proactive and reactive programs were in place to resolve the remaining lines unable to achieve 25 Mbps, including the progressive end to coexistence and an ongoing network assurance program.

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38 The results are not adjusted for the end of coexistence, results reflect the impact of coexistence.

Where a particular premises may not receive 25 Mbps, there are a number of reasons for this, including co-existence with legacy services during a transitional period, in-home wiring issues, environmental and operational factors, and other network issues. As the NBN is a live network it requires ongoing maintenance to address issues that arise over time. A small proportion of the network may be performance affected at any given time.

52. Percentage of ready to connect premises in fixed line areas that have taken up an NBN service

Source: 2020–21 Portfolio Budget Statements p. 75, 2020–21 Corporate Plan p. 33

2020–21 target	2020–21 result	Previous result
Percentage connected by 30 June 2021 meets targets set in NBN Co's next corporate plan, which will be released later in 2020	Target met 71% were connected at 30 June 2021 ³⁹	64% at 30 June 2020
Note: The target in NBN Co's 2020–23 corporate plan for measure 52 is ≥71% at 30 June 2021. It may be revised in light of the company's next corporate plan later in 2020		

Methodology: Analysis of NBN Co reporting

53. Percentage of NBN complex connections completed

Source: 2020–21 Portfolio Budget Statements p.76, 2020–21 Corporate Plan p. 33

2020–21 target	2020–21 result	Previous result
Percentage completed by 30 June 2021 meets targets set in NBN Co's next corporate plan, which will be released later in 2020	Target met NBN Co had reduced complex connections from around 109,000 premises in mid-2020 to less than 12,000 at 30 June 2021	New measure – result not available
The target in NBN Co's 2020–21 corporate plan was to connect 80% of the 100,000 complex connections identified. This overall number increased to 109,000 by 30 June 2020 after more complex connections were identified		

Methodology: Analysis of NBN Co reporting

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39 Further information is available at: www.nbnco.com.au/content/dam/hbnco2/2019/documents/weekly-progress-report/Public_Progress_data%20-%20080721.pdf

We use the data provided by NBN Co to confirm the number of complex connection premises remaining. The department will continue to monitor the progress in reducing complex connections. Connection of new development premises will be an ongoing feature of NBN Co's business-as-usual operations.

The NBN volume build was completed during 2020, with only a small number of complex connections remaining. The network provides all Australians with access to reliable and affordable high-speed broadband services. We supported our minister in providing shareholder oversight of NBN Co's work and provided advice on government investments, including NBN loan settings. We worked with the Department of Finance to monitor NBN planning, completion, upgrades, consumer migration and consumer experience, as well as the relevant policy and regulatory settings.

NBN Co publishes rollout and take-up information in weekly progress reports.⁴⁰ At 30 June 2021, the company had met its year-end rollout and take-up targets.

National Broadband Network 2020–21



54. Investment as a proportion of output in the communications sector⁴¹

Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 33

2020–21 target	2020–21 result	Previous result
>33% in 2019–20 (latest available data)	Target met The result was 46.6% in 2019–20 (latest available data)	48.2% in 2018–19

Methodology: Analysis of ABS National Accounts;⁴² 2019–20 data is the latest available for 2020–21 reporting

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40 Available at: www.nbnco.com.au/corporate-information/about-nbn-co/corporate-plan/weekly-progress-report

41 'Output in the communications sector' refers to the value added by the Information, Media and Telecommunications Industry (as defined under the Australian and New Zealand industry classification). The value added refers to the total value of goods and services produced by an industry, after deducting the cost of goods and services used in the process of production.

42 Available at: <https://www.abs.gov.au/statistics/economy/national-accounts/australian-system-national-accounts/latest-release>

We advised the Australian Government on policy and regulatory settings that enable the communications sector to invest and innovate, to compete internationally, and to meet consumer needs. We supported government decision-making to facilitate major spectrum allocations. Furthermore, we administered the legislation governing spectrum management, and the carrier powers and immunities framework.

Key achievements in 2020–21 included:

- > the declaration by the Minister for Communications, Urban Infrastructure, Cities and the Arts that the NBN should be treated as 'built and fully operational'
- > the passage and commencement of reforms to the spectrum management framework
- > supporting the minister to make decisions on key auction settings for ACMA's auction of spectrum in the 26 GHz band, which made high-band spectrum available to support 5G rollout
- > supporting industry to keep Australians connected during the COVID-19 pandemic.

Measuring investment as a proportion of output in the communications sector provides insight into the level of investment in the sector. Investment included funds for 5G infrastructure, fixed line broadband access networks, transmission networks, submarine cables, wireless facilities and data centres.

The latest available data is for the period 2019–20. The data showed investment as a proportion of output in the communications sector was 46.6%.

55. GDP contribution enabled by the communications sector

Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 33

2020–21 target	2020–21 result	Previous result
GDP contribution is maintained or increased between 2017–18 and 2018–19 (latest available data)	Target met \$839.556 billion in 2018–19 (latest available data)	\$802.648 billion in 2017–18
Methodology: Analysis of ABS Input-Output data ; ⁴³ 2018–19 data is the latest available for 2020–21 reporting		

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43 Available at: www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release

The communications sector makes up a small proportion of Australia's gross domestic product (GDP) – \$43.716 billion in current price terms, which is approximately 2.2% of overall GDP. However, it has a broader impact on the general economy. We estimate GDP contribution critically enabled by the communications sector in 2018–19 at \$839.556 billion (latest available data).⁴⁴ This figure is up \$36.908 billion from 2017–18.

Spectrum is essential to today's digital networked economy and is a major contributor to economic and social wellbeing. Efficient allocation of spectrum enables highest value usage. In 2020–21, we worked closely with ACMA to support policy and regulatory decisions. We also progressed reforms to the *Radiocommunications Act 1992*⁴⁵ to update the spectrum management framework, so it remains fit for purpose and flexible enough to adapt to changing needs.

Key achievements in 2020–21 include the:

- > *Radiocommunications Legislation Amendment (Reform and Modernisation) Act 2020*, which was passed by the parliament in December 2020 and commenced on 17 June 2021
- > successful conclusion of ACMA's auction of spectrum in the 26 GHz band, following ministerial decisions regarding key auction settings; in particular, a ministerial direction on allocation limits for the auction in August 2020 and a ministerial direction in October 2020, to allow instalment payments, in light of the challenging circumstances created by COVID-19
- > reallocation declaration in October 2020 to facilitate the auction of spectrum in the 850 MHz expansion band and the 900 MHz band, and consultation in April and May 2021 on an exposure draft of allocation limits for the auction.

In 2020–21, we implemented communication activities under the Enhanced Electromagnetic Energy (EME) Program. In 2019–20, funding of \$1.8 million was allocated over 4 years to support a communication program under the broader Enhanced EME Program. Communication activities focused on reassuring Australians that EME emitted from wireless communications and new technologies, such as 5G, is researched, regulated and safe. The activities involved dissemination of content on our social media and digital channels supported by a Search Engine Optimisation Strategy, and supplementary market research identifying attitudinal change between 2020 and 2021 in relation to the safety of 5G and EME.

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44 The estimate uses ABS data on the GDP contribution from industries that use 5% or more of their total intermediate inputs, from the communications sector.

45 Available at: www.legislation.gov.au/Details/C2019C00262

Electromagnetic energy emissions from mobile networks and devices



Emissions from mobile networks and devices in Australia fall below the regulated safety limits, **typically by factors of 100 or more**

EME levels

Australia’s Chief Medical Officer has confirmed that there is no evidence telecommunications technologies, such as 5G, cause adverse health impacts

56. The effectiveness of the department’s international engagement on communications outcomes		
Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 33		
2020–21 target	2020–21 result	Previous result
Effective engagement in 2020–21	<div>Target met</div> <p>Positive results were achieved in 2020–21</p>	Positive results achieved in 2019–20
Methodology: Analysis of departmental records, including descriptive information about the outcomes of our treaty-level international engagement and the impact of this engagement on promoting communications connectivity		

We led Australia’s engagement in the International Telecommunication Union (ITU), the United Nations specialised agency for information and communication technologies. In November 2020 and June 2021, we participated in ITU Virtual Consultation of Councillors meetings, where key achievements included:

- > oversight and governance of ITU’s major projects, such as progress on the new headquarters premises project
- > improving ITU governance through advancing the internal investigative role and transparency on memorandums of understanding between third parties and the ITU
- > ensuring that the ITU continues to progress work within its mandate on areas such as cyber security
- > achieving a practicable scheduling of ITU events to ensure equal representation for developing countries at major conferences and meetings.


In December 2020 and April 2021, the department and Australia Post participated in the biannual sessions of the international Council of Administration and the Postal Operations Council.

Throughout the year, we also participated in regional forums and working groups as part of the Asia-Pacific Telecommunity and the Asia-Pacific Economic Cooperation (APEC) Telecommunication and Information Working Group. In addition, we led Australia's delegations to the first and second Asia-Pacific Telecommunity Conference Preparatory Groups for the World Radiocommunications Conference 2023 (WRC-23), working closely with ACMA and delegates from industry and government to achieve outcomes that aligned with Australia's national interests.

Key outcomes from these meetings included:

- > Australia being elected to the role of Chair of the Editorial Committee of the Asia-Pacific Telecommunity Conference Preparatory Group (APG) for 2023
- > securing the election of 4 Australian candidates to the role of APG drafting group Chairs for the WRC-23 cycle
- > shaping the APG Preliminary Views on WRC-23 agenda items to align with Australia's preliminary positions
- > presenting a joint contribution with other like-minded countries to promote and encourage the use of gender-neutral language, in accordance with the aims of the WRC-19 Declaration on Gender.

Internet governance forums



Internet Corporation for Assigned Names and Numbers (ICANN)

The United States based non-profit organisation that coordinates the internet's naming and numbering systems at a global level

Australia is a member of **ICANN's Governmental Advisory Committee**

Global Internet Governance Forum (Global IGF)

A United Nations mandated multi-stakeholder forum, designed to inform decision-making and facilitate knowledge exchange on internet governance issues

Throughout 2020–21, we advocated for an open, free and secure internet and a multi-stakeholder approach to internet governance at forums. We also strengthened our relationships with government counterparts and industry and civil society stakeholders.

57. The effectiveness of the department's oversight of NBN Co, Australia Post and ACMA

Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 34

2020–21 target	2020–21 result	Previous result
Effective oversight in 2020–21	Target met Oversight was effective in 2020–21	Effective in 2019–20

Methodology: Analysis of oversight actions required and performed

We provided effective oversight of NBN Co, Australia Post and ACMA over the 2020–21 period.

Throughout 2020–21, we provided oversight of ACMA, reviewing its draft corporate plan and annual report, and advising the Minister for Communications, Urban Infrastructure, Cities and the Arts on these and other budgetary and performance-related matters.

Oversight of Australia Post included reviewing its draft corporate plan and analysing regular progress reports on its performance, particularly focused on its response to COVID-19. In 2020–21, the department, jointly with the Department of Finance, supported by an independent law firm, conducted a review of Australia Post's proper use and management of public resources, and governance arrangements. The investigation report made 12 findings and is available on the department's [website](#).⁴⁶ Lessons learned from the investigation are being applied so that Australia Post and other government business enterprises are compliant with their legislative obligations and have the appropriate financial controls in place. We continue to engage with Australia Post on strengthening its governance and internal controls.

Oversight of NBN Co included reviewing its draft corporate plan and annual report, and analysing regular progress reports on its performance, including for consumer experience, financials, and governance arrangements (including board appointments) and policy settings. In 2020–21, the department commenced monitoring of new investments announced in September 2020 to upgrade the fixed line network to deliver speeds of up to 1 Gbps to 75% of fixed line premises.

The department maintains a credit risk management framework, to oversee administration of the Commonwealth loan to NBN Co, with quarterly reporting to the Operations Committee. The department supported NBN Co to commence refinancing the Commonwealth loan with private debt. At mid-July 2021, NBN Co refinanced over \$6.7 billion of the loan.

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46 Available at: <https://www.infrastructure.gov.au/sites/default/files/investigation-into-the-proper-use-of-public-resources-at-australia-post.pdf>

58. Whether digital technologies and communications services administered items are delivered efficiently

Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 34

2020–21 target	2020–21 result	Previous result
Administered items are delivered on time and on budget in 2020–21, indicating efficient delivery Performing to this standard would demonstrate we are meeting the government's expectations for efficiency	Target partially met We delivered 17 of 24 digital technologies and communications services administered items on time and on budget in 2020–21	We delivered 15 of 17 digital technologies and communications services administered items on time and on budget in 2019–20

Methodology: For each administered item, analysis and comparison between projected and actual milestones and budget

Mobile Network Hardening Program

We are delivering \$18 million to the Mobile Network Hardening Program to improve telecommunications resilience in recognition that most outages are caused by power failures during emergencies.

At 30 June 2021, 315 of the 467 funded sites have had their back-up battery upgrades completed under Stage 1 of the Mobile Network Hardening Program. The remaining Stage 1 sites are due to be completed by the end of 2021. Stage 1 of the program is tracking on budget.

Regional Connectivity Program

The Regional Connectivity Program is an \$83 million competitive program administered by the department, with the aim to expand the economic, social and public safety benefits of improved digital connectivity to regional, rural and remote Australian communities.

Regional communities, state and territory governments, and applicants sought an extended application period to enable local priorities to be fully captured in applications. There were 132 projects announced, contract negotiations are being finalised, and construction will begin shortly. There are 51 of these projects funded through the additional funding made available for the program in 2021–22.

Australian 5G Innovation Initiative

The Australian 5G Innovation Initiative is part of the government's JobMaker Digital Business Plan announced in the 2020–21 Budget. The initiative is providing \$20 million in grants over 3 years to assist businesses to test and develop 5G applications, services and products. Applications for grants opened on 19 February 2021 and closed on 31 March 2021, with the opportunity generating a high level of interest from applicants. Grant selection timelines were extended to accommodate the higher-than-expected number of applications. The initiative is on budget; however, expenses will now occur over the 2021–22 to 2022–23 financial years, reflecting the later starting dates for successful projects.

Regional Broadband Scheme

The Regional Broadband Scheme was established to provide transparent and sustainable funding for essential broadband services to regional, rural and remote Australians. It works by carriers paying a levy of \$7.10 per month for each premises on their network with an active superfast broadband service provided over a local access line. The scheme commenced on 1 January 2021, with the first reporting period being from 1 January 2021 to 30 June 2021. Carriers are required to report to ACMA on all chargeable premises for this period by 31 October 2021. ACMA is responsible for collecting funds under the scheme, and the department is responsible for administering payments to eligible funding recipients, commencing from 2021–22, the first funding year.

Case study

Boosting temporary telecommunications facilities during natural disasters

The Australian Government is investing \$37.1 million over 2 years, from 2020–21, in the Strengthening Telecommunications Against Natural Disasters (STAND) program. The STAND program forms part of the government's \$650 million National Bushfire Response Package.

Temporary facilities (\$10 million)

The government is funding temporary facilities through a \$10 million grants program. This includes 5 NBN Road Muster trucks and 12 satellite Fly Away Kits which are ready to be deployed anywhere in Australia. This will increase the resilience of Australia's telecommunications networks, to help prevent, mitigate and manage outages during natural disasters.

The Road Muster trucks provide temporary broadband connectivity to communities in areas affected by natural disasters, allowing Australians to make contact with family and essential services. The Fly Away Kits can be packed into 2 briefcases and can be transported to where they are needed, by vehicle or air.

In 2020–21, Road Muster trucks funded under STAND were deployed in response to Cyclone Seroja in Western Australia and the floods in Victoria.

Other facilities are also being funded. The successful grantees are Telstra, Optus and TPG Telecom. These telecommunications providers will build and deploy new portable facilities for use during emergencies.



Mobile Network Hardening Program (\$18 million)

Stage 1 is funding extended battery back-up at 467 Mobile Black Spot Program towers to provide at least 12 hours of back-up power. This will keep mobile phone towers operating longer if the power goes out during or after natural disasters. At 30 June 2021, 388 sites have been upgraded, with the remaining installations expected to be completed by the end of 2021.

Stage 2 will provide up to \$6 million in funding for further upgrades to increase mobile network resilience and preparedness, such as back-up power, emergency power solutions for rapid service restoration, expanding protection zones around telecommunications sites, redundant backhaul and other physical hardening measures.

NBN Sky Muster satellites (\$7 million)

NBN Co is installing satellite dishes to provide extra telecommunications redundancy at rural fire depots and evacuation centres. Already 111 sites across Australia have received a Sky Muster satellite, which have proved useful in crisis situations including the floods in Ingham, Queensland, and COVID-19 border lockdown checkpoints in Cann River, Victoria. A further 450 sites have been nominated by both Victoria and Western Australia. The remaining states and territories are continuing to nominate sites.

Communications Awareness and Coordination Program (\$2.1 million)

As part of the STAND package, a public awareness program is being delivered to provide practical information and advice for communities and businesses about how to keep connected during emergencies and natural disasters. A series of animations have been published and shared with emergency service organisations, with the animations receiving over 50,000 views in total on social media. A postcard that lists safety preparedness tips for travellers has been created and distributed to stakeholders. Further content and resources are being developed.



Case study

Public Interest News Gathering (PING) program

The **Public Interest News Gathering (PING) program** is a **\$70 million grants program** providing funding to regional publishers and broadcasters whose sustainability has been threatened by the COVID-19 pandemic, including through reduced advertising revenue.

Throughout 2019–20 and 2020–21, the Australian Government provided grants to **108 regional publishers and broadcasters**.

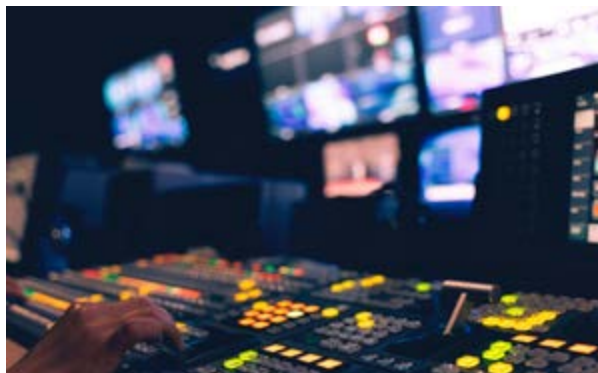
Of the 108 grantees, 92 are publishers, 13 are radio broadcasters, 5 are television broadcasters and one provides a newswire service (3 grantees received funding in more than one stream). Australian Associated Press Limited (AAP) Newswire received funding to provide its newswire services to more than 250 regional media outlets.

PING is supporting regional publishers and broadcasters to maintain or increase their production and distribution of public interest journalism in regional and remote Australia. The majority of the grantees operate as **small and medium businesses**.

PING is helping regional and remote Australian communities stay connected and informed with news and information that is accurate, accessible and relevant to local audiences. PING grantees provide news services to over **730 regional communities** across Australia.

PING grantees have employed **137 new journalists** and launched **17 new mastheads** in regional Australia.

PING responds to the ACCC's Digital Platform Inquiry recommendation to support high-quality news, particularly in regional and remote Australia.



Results matrix

Measures	Target met	Target partially met	Target not met	No target
41. Percentage of Universal Service Obligation (USO) targets met by Telstra	●			
42. Percentage of contractual arrangements for the Triple Zero Emergency Call Service delivered by Telstra	●			
43. Percentage of Community Service Obligations (CSOs) met by Australia Post	●			
44. Amount of new and improved mobile coverage delivered in regional areas under the Mobile Black Spot Program	●			
45. Affordability of telecommunications services (mobile and fixed) on offer	●			
46. Impact of our programs on improving connectivity for people with a disability	●			
47. The effectiveness of initiatives to protect Australians online	●			
48. Postal services complaints data	●			
49. Telecommunications complaints data	●			
50. NBN consumer experience and ACCC speed performance data		●		
51. Minimum peak fixed broadband download speeds available to Australian premises		●		
52. Percentage of ready to connect premises in fixed line areas that have taken up an NBN service	●			
53. Percentage of NBN complex connections completed	●			
54. Investment as a proportion of output in the communications sector	●			
55. GDP contribution enabled by the communications sector	●			
56. The effectiveness of the department's international engagement on communications outcomes	●			
57. The effectiveness of the department's oversight of NBN Co, Australia Post and ACMA	●			
58. Whether digital technologies and communications services administered items are delivered efficiently		●		
Total	15	3	0	0



Creativity and culture



Supporting sustainable and inclusive creative and cultural sectors, and protecting and promoting Australian content and culture

Strong creative and cultural industries are critical to both economic growth and a cohesive society. We support inclusiveness and growth in Australia's creative sector, and protect and promote Australian content and culture.

Analysis

In 2020–21, the department supported the recovery of the creative and cultural sectors from the impacts of the COVID-19 pandemic, implementing the Australian Government’s \$250 million Creative Economy Support Package. COVID-19 restrictions affected the way Australians engaged with creativity and culture, with lockdowns and the cancellation of events continuing to create uncertainty. During this period, audiences recognised the value in the online experience as an alternative to in-person events.

We worked to facilitate a fit-for-purpose media regulatory framework – one that protects Australian content and includes classification quotas and expenditure obligations for broadcasters and copyright. In response to COVID-19, ACMA exercised forbearance in relation to broadcaster content obligations, which included revised content quotas for both commercial television and commercial radio broadcasters.

While large media audiences were maintained throughout 2020–21, viewing patterns and preferences continued to shift to online media content. Although media markets have gradually begun to recover from the effects of COVID-19, many segments of the Australian industry remain under financial pressure.

As venues reopened, we saw strong demand from the arts and entertainment sector for support from the Creative Economy Support Package.

Results

Targets, results, methodology and analysis for measures related to creativity and culture

59. Contribution of creative and cultural sectors to the economy		
Source: 2020–21 Portfolio Budget Statements p. 82, 2020–21 Corporate Plan p. 39		
2020–21 target	2020–21 result	Previous result
Maintain or grow 10-year rolling average (to 2018–19) (latest available data)	<div>Target met</div> <p>The overall contribution in 2018–19 was \$115.843 billion, equating to 6% of GDP (latest available data)</p>	Revised measure for 2020–21 Overall contribution in 2017–18 was \$115.185 billion
<p>Methodology: Analysis of Australian Bureau of Statistics (ABS) Input-Output data,⁴⁷ using the methodology outlined in the <u>Cultural and Creativity Activity in Australia 2008–09 to 2016–17 Working Paper</u>.⁴⁸ The sectors include activity such as broadcasting, film, music composition and music publishing. Data for 2018–19 is the latest available for 2020–21 reporting</p>		

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47 Available at: www.abs.gov.au/ausstats/abs@.nsf/mf/5209.0.55.001
48 Available at: https://www.infrastructure.gov.au/sites/default/files/cultural_and_creative_activity_in_australia_2008-09_to_2016-17-2.pdf

Many parts of the creative and cultural sectors experienced a decline in revenue and employment levels. While jobs and activities resumed to some extent during 2020–21, larger festivals and touring events, especially those featuring international acts, experienced low activity.

Despite these challenges, digital engagement has grown to meet audience needs and expectations. Some parts of the sectors have taken advantage of other opportunities. For example, Australian public galleries were in a unique position to borrow works of major international significance for blockbuster exhibitions in Australia, at a time when many galleries around the world had to shut down or reduce their public programs. The Australian screen production industry also thrived, with the government’s Location Incentive attracting 23 large-budget international productions to film in Australia, which will inject over \$1.740 billion into the economy.

60. Value of private sector investment and philanthropic funding to the creative and cultural sector		
Source: 2020–21 Portfolio Budget Statements p. 82, 2020–21 Corporate Plan p. 39		
2020–21 target	2020–21 result	Previous result
No target due to COVID-19 impacts	<div>No target</div> <div>Estimated private sector support to the arts was \$369.3 million in 2019–20</div> <div>Organisations on the Register of Cultural Organisations reported \$117.8 million in private sector support in 2019–20 (latest available data)</div>	Revised measure for 2020–21 In 2018–19, \$344.9 million in private sector support to the arts and \$132.4 million to organisations on the Register of Cultural Organisations
Methodology: Analysis of ABS National Accounts ⁴⁹ to calculate estimated private sector investment to the arts (using the methodology announced in the statistical paper ⁵⁰); analysis of reporting by organisations listed on the Register of Cultural Organisations and information on donations to the Cultural Gifts Program. Data for 2019–20 is the latest available for 2020–21 reporting		

Private sector support played an essential role in the sustainability and growth of Australia’s creative and cultural sectors. We worked with Creative Partnerships Australia, the Australian Government’s primary body for encouraging and facilitating greater private sector support for the arts. In addition, we administered the Register of Cultural Organisations and the Cultural Gifts Program, both of which encourage Australians to contribute to supporting the nation’s vibrant cultural life.

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49 Available at: www.abs.gov.au/ausstats/abs@.nsf/mf/5204.0
50 Available at: www.arts.gov.au/publications/private-sector-support-arts-australia

Targets were not developed for 2020–21 due to the impacts of COVID-19; however, we estimated annual private sector support to the arts based on data from the Australian Bureau of Statistics.

61. The impact of our activity in supporting and promoting Australian literature		
Source: 2020–21 Portfolio Budget Statements p. 82, 2020–21 Corporate Plan p. 39		
2020–21 target	2020–21 result	Previous result
Positive impact and reach achieved in 2020–21	<div>Target met</div> <p>Under the Prime Minister's Literary Awards, \$644,093 was provided to support 40 authors, historians and illustrators, and to administer the Awards</p> <p>Under the public and educational lending right schemes, \$22.8 million was provided through 17,069 payments to eligible claimants, and to administer the schemes</p>	New measure – result not available
Methodology: Analysis of departmental records, including information gathered through delivery of the lending right schemes and Prime Minister's Literary Awards		

The annual Prime Minister's Literary Awards celebrate the contribution of Australian literature and history to our nation's cultural and intellectual life. A maximum of 30 books, across the 6 award categories, are selected each year by 3 panels of expert judges. In 2020–21, 30 books were selected and prize money was awarded to the 40 authors, historians and illustrators who created these works, recognising the outstanding literary talent in Australia and acknowledging their valuable contribution in shaping our cultural identity.

The Public Lending Right and the Educational Lending Right schemes compensate eligible Australian book creators and publishers for the loss of income through the free use of their books in Australian public and educational lending libraries. Both schemes also aim to enrich Australian culture by encouraging the growth and development of Australian writing.

62. Number of students successfully completing courses at national elite performing arts training organisations

Source: 2020–21 Portfolio Budget Statements p. 82, 2020–21 Corporate Plan p. 39

2020–21 target	2020–21 result	Previous result
≥800 in 2020	Target partially met In 2020, 722 students completed courses Due to the impacts of COVID-19, some course timeframes have been extended to enable students to meet training and performance requirements and, therefore, graduations have been delayed	1,046 in 2019

Methodology: Analysis of reporting by the arts training organisations, including on course completions and demand (number of students auditioning versus enrolments)

We supported the following national performing arts training organisations to provide Australia’s most talented performing artists with the opportunity to excel in their chosen fields:

- > Australian Ballet School
- > Australian National Academy of Music
- > Australian Youth Orchestra
- > Flying Fruit Fly Circus
- > NAISDA Dance College
- > National Institute of Circus Arts
- > National Institute of Dramatic Art.

Across these organisations, 722 students successfully completed courses in 2020, with further graduations expected after deferrals as a result of COVID-19 restrictions. Data from the 2020 reporting period shows 3,342 auditions and 894 new core course places were offered in 2021. This is an increase on the 2019 reporting period and demonstrates the continued strong demand for national performing arts training courses.

63. Engagement with the national cultural institutions, indicated through:

- a) number of in-person visits to engage with national collecting institutions (including on- and off-site visits)**
- b) percentage of objects in national collections accessible online**
- c) number of web visits to the national cultural institutions**

Source: 2020–21 Portfolio Budget Statements p. 82, 2020–21 Corporate Plan p. 40

2020–21 target	2020–21 result	Previous result
Based on 2020–21 figures reported by institutions to the department in August 2021:	Target partially met	a) 11.5 million
a) No target due to COVID-19 impacts	a) Not applicable	b) 9.6%
b) Maintain or increase annual engagement results compared to annual averages since 2012–13 (when the engagement indicators were established)	b) 14.7% – target met	c) 47.4 million
c) Maintain or increase annual engagement results compared to annual averages since 2012–13 (when the engagement indicators were established)	c) 43.1 million – target not met	

Methodology: Analysis of reporting from the national cultural institutions

We engaged closely with the national cultural institutions and provided advice to government on governance, policy and funding, to promote cultural and creative participation and develop our diverse creative practitioners.

The operations of these institutions were affected by COVID-19, and while national cultural institutions progressively opened their doors to the public from early June 2020, social distancing, congregation limits, lockdowns and restrictions on travel continued to affect visitor numbers. Due to the impacts of COVID-19 there is no target in relation to engagement indicated through the number of in-person visits to national collecting institutions.

The percentage of objects held by national collections accessible online grew to 14.7% and website visits to national cultural institutions totalled 43.1 million in 2020–21, which is a reduction on the number of website visits in 2019–20. These metrics are based on aggregated analysis of reporting from the national cultural institutions. Further information on engagement with the national cultural institutions is reported in their individual annual reports.

64. The impact of our arts and cultural activities to support inclusion of people with disability

Source: 2020–21 Portfolio Budget Statements p. 82 , 2020–21 Corporate Plan p. 40

2020–21 target	2020–21 result	Previous result
Positive impact achieved in 2020–21	Target met Positive results were achieved in 2020–21 towards the strategy	Positive results achieved in 2019–20

Methodology: Analysis of departmental records, including information gathered through delivery of the National Arts and Disability Strategy

The 2009 National Arts and Disability Strategy⁵¹ is an initiative of the Australian and state and territory governments. The strategy improves access to, and participation in, the arts by people with disability. The strategy is currently being renewed; however, COVID-19 has delayed some important targeted consultations.

In 2020–21, we maintained an online arts and disability resource hub⁵² to support the strategy and continued working closely with the Department of Social Services to ensure the arts is considered in national disability policy.

65. The impact of our arts and cultural activities to support inclusion of regional and remote Australians

Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 40

2020–21 target	2020–21 result	Previous result
Positive impact achieved in 2020–21	Target met Positive results were achieved in 2020–21 through the delivery of the Regional Arts Fund, the Festivals Australia program, and the regional touring exhibitions funding programs	Positive results achieved in 2019–20

Methodology: Analysis of departmental records, including information gathered through regional grant program rollout

We supported artists and communities across Australia by funding 326 projects through the Regional Arts Fund in 2020–21. The additional \$10 million that we provided at the end of 2019–20 supported an additional 349 projects towards recovery from the impacts

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51 Available at: www.arts.gov.au/sites/g/files/net1761/f/arts-disability-0110.pdf

52 Available at: www.arts.gov.au/mcm/arts-and-disability

of COVID-19 through 2020–21. Together, this resulted in the largest number of projects supported under the fund over a 12-month period.

We established the Restart Investment to Sustain and Expand (RISE) fund to support the arts sector to recover from the impacts of COVID-19. In 2020–21, RISE provided \$17.3 million, to support 51 regional and remote arts organisations to undertake projects at 240 locations across Australia.

The regional touring exhibitions funding programs include the national collecting institutions, Touring and Outreach program and Visions of Australia program. In 2020–21, these programs supported the development and touring of 33 exhibitions to venues in every state and territory.

In addition, in 2020–21, the Festivals Australia program supported 30 high-quality arts and cultural projects in regional and remote communities.

66. The impact of our arts and cultural activities to support inclusion preserving and celebrating Indigenous languages, arts and culture		
Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 40		
2020–21 target	2020–21 result	Previous result
Positive impact achieved in 2020–21	<div>Target met</div> <div>Positive results were achieved in 2020–21 through the support provided as part of the Indigenous Languages and Arts program, the Indigenous Repatriation Program, the Indigenous Visual Arts Industry Support program and the Indigenous Contemporary Music Program</div>	Revised measure for 2020–21 Positive results achieved in 2019–20
Methodology: Analysis of departmental records, including grant funding recipient reports, departmental records on activities, and information on the number of arts centres, arts workers and art sales supported through the Indigenous Visual Arts Industry Support program		

We delivered programs to support inclusion, preserve and celebrate Aboriginal and Torres Strait Islander languages, and support Aboriginal and Torres Strait Islander arts and culture. This included:

- > successful administration and delivery of the Indigenous Languages and Arts program, which provided \$21.5 million to support 132 organisations to undertake 150 projects

- > administration of the Indigenous Repatriation Program – Museum Grants, which provided \$450,000 to 7 major Australian museums which supported the repatriation of 147 Aboriginal and Torres Strait Islander ancestors and 91 secret sacred objects to their traditional custodians
- > supporting the return to Country and final resting of 2 ancestors returned from collecting institutions in the United Kingdom and Germany
- > delivering the Indigenous Visual Arts Industry Support program, funding 97 organisations around Australia. We also provided \$8.5 million to 92 organisations to respond to the impacts of COVID-19
- > providing \$500,000 through the Indigenous Contemporary Music Program to 8 projects supporting the development of the sector.

We consulted with the Indigenous visual arts sector, working towards an Indigenous Visual Arts Action Plan. We provided oversight of the Resale Royalties for Visual Artists Scheme, which has generated \$10 million in royalty entitlements to Australian artists since its inception. This will be expanded through international reciprocal arrangements. Furthermore, we partnered with the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) and the Australian National University to produce a National Indigenous Languages Report.

67. Artbank operations, number of:		
a) artworks purchased		
b) artworks leased		
c) clients		
Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 40		
2020–21 target	2020–21 result	Previous result
No target It is not appropriate to set a target as purchases must be responsive to market conditions, and client interactions are market driven	No target In 2020–21, there were: <ul style="list-style-type: none">> 62 artworks purchased> 3,969 artworks leased> 513 clients	New measure – results not available
Methodology: Analysis of departmental records		

COVID-19 led to a slight downturn in the number of artworks currently leased to clients, especially in Victoria where lockdowns were in place for significant periods in 2020. With the economy and businesses re-opening, leasing rates improved in the last financial quarter of 2020–21.

68. Effectiveness of the Australian content, classification and copyright regulatory frameworks

Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 41

2020–21 target	2020–21 result	Previous result
Reporting in 2020–21 shows frameworks are effective	Target met Reporting in 2020–21 showed positive results across content, classification and copyright regulatory frameworks	Reporting in 2019–20 showed positive results

Methodology: Analysis of reporting on decisions by the Classification Board and the Classification Review Board; analysis of ACMA reporting on content compliance; analysis of reporting by copyright collecting societies and the Australian Copyright Council; analysis of data from the annual Consumer Survey on Online Copyright Infringement; and analysis of reporting by ABC and SBS on audience metrics

COVID-19 led to declines in advertising revenue, job losses, closures and suspensions of a range of media outlets. The department assisted the Australian Government to implement a package of measures, starting in 2019–20 and continuing through 2020–21, to support the media sector during this time. This included:

- > \$70 million to the Public Interest News Gathering (PING) program to support 108 news businesses
- > \$5 million for the Regional and Small Publishers Innovation Fund – to support 43 providers of public interest journalism
- > implementation of a 12-month waiver of the \$41 million in commercial broadcasting tax, otherwise payable by commercial television and radio broadcasters between 14 February 2020 and 13 February 2021.

New obligations for commercial free-to-air broadcasters were introduced with the commencement of the Broadcasting Services (Australian Content and Children's Television) Standards 2020 on 1 January 2021. This changed the quotas for commercial television broadcasters. The new standard complements the overall Australian content transmission quotas and provides broadcasters with better flexibility in the types of Australian first-release content they show.

Changes to content regulation formed part of a broader package of initiatives to support the production and distribution of Australian content in response to COVID-19.

ACMA advised that all commercial television broadcasting licensees reported meeting their primary channel (55%) and non-primary channel (1,460 hours) transmission quotas for Australian content in 2020.

We maintained regulations for the classification of films, computer games and certain publications. We provided support to the Classification Board and Classification Review Board, to enable them to make classification decisions. Furthermore, we administered 2 approved classification tools: the Netflix Classification Tool and the International Age Rating Coalition Tool. COVID-19 resulted in a decline in the number of applications received to classify content.

Table 4.4 Classifications made, 2020–21

Classification jurisdiction	Determinations made
Classification Board	2,491
Classification Review Board	5
Netflix Classification Tool	1,300
International Age Rating Coalition Tool	250,983

We received a total of 319 complaints regarding the determinations made. However, 255 related to just 3 classification decisions: the movie *Cuties* (26) and the video games *Disco Elysium* (199) and *Crusader Kings III* (30).

Copyright incentivises creators and industries to make and distribute new creative works, while allowing appropriate access to, and use of, these works in the public interest. We monitored and worked with stakeholders to make sure that regulation maintains this balance.

In August 2020, the Australian Government announced it intended to reform several areas of copyright to provide a more flexible and adaptable framework that is better suited to the digital environment. We worked with stakeholders to implement these proposed reforms.

We monitored the amount paid to content creators by the collecting societies to assess the effectiveness of the copyright system and noted mixed results due to COVID-19. In 2020–21, payments by Screenrights to members increased due to an increase in the use of audio-visual copyright material to support at-home learning. However, the music industry (Australasian Performing Right Association and Phonographic Performance Company of Australia) experienced significant decreases in the funds available to distribute to their members, due to a decline in live music performances during the pandemic.

In 2020–21, we supported the government to advance a program of work to reform media laws towards an end state of a platform-neutral regulatory framework.

Also in this reporting period, we supported the Treasury portfolio in developing and implementing the *Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021*. The Act implements the News Media and Digital Platforms Mandatory Bargaining Code, a world-leading framework that addresses the bargaining power imbalance between Australian news businesses and major digital platforms.

69. Regulatory activities undertaken under the Protection of Movable Cultural Heritage Act 1986		
Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 41		
2020–21 target	2020–21 result	Previous result
No target It is not appropriate to set a target, as actions are taken in response to applications for permits received and objects identified for investigation	No target In 2020–21 there were: <ul style="list-style-type: none">> 9 permanent export permits issued> 2 permanent export permits refused> 2 certificates of exemption issued> 1 certificate of exemption variation issued> 1 temporary export permit variation issued> 3 permanent export permit variations issued> 2 applications to the National Cultural Heritage account approved Unlawful imports – return of protected foreign cultural property: 12 objects were seized, of which 4 objects were returned to a foreign country	New measure – results not available

Methodology: Analysis of departmental records

Regulatory activities under the *Protection of Movable Cultural Heritage Act 1986* are undertaken in response to applications received for export permits and certificates of exemption, and to identify cases of objects that have been illegally exported from Australia, or imported to Australia, having been illegally exported from another country. In 2020–21, export permits were refused for 2 paintings by the artist Charlie Numbulmore. Four pre-Columbian figures were returned to the Embassy of Mexico in November 2020.

Case study

Restitution of 4 pre-Columbian objects to the Embassy of Mexico

On 11 November 2020, the Australian Government, represented by Pip Spence, then Chief Operating Officer and Deputy Secretary for the Arts, returned 4 culturally significant objects to the Embassy of Mexico under the *Protection of Movable Cultural Heritage Act 1986*. The return was the culmination of an 8-month restitution process.

The objects are from the Mesoamerican Classic Period, dating from 800 Before the Common Era (BCE) to 500 Common Era (CE), and include a Chinesco polychrome seated figure, Tlatilco bi-chrome lady figurines on a shared stand, and 2 Jalisco pottery seated female sheepface figurines.

The objects were exported from Mexico to the United States in contravention of Mexico's cultural property laws, and intercepted by the Australian Border Force upon entry into Australia. The Australian Border Force alerted the Office for the Arts, which in turn undertook an investigation. After consultation with experts in pre-Columbian cultural property and Mexican cultural property laws, and a



Pip Spence PSM, Chief Operating Officer and Deputy Secretary for the Arts, with His Excellency, Mr Eduardo Patricio Peña Haller, Ambassador of Mexico to Australia, at the Embassy of Mexico on 11 November 2020. (Image: Courtesy of the Embassy of Mexico in Australia)

formal request from the Government of Mexico for their return, the objects were seized by a department inspector. The Minister for Communications and the Arts subsequently agreed to the objects being returned to Mexico.

The *Protection of Movable Cultural Heritage Act 1986* provides protection for Australian and foreign cultural property and also provides a legal framework for the return of cultural property to another country. The cultural property must be a protected object of the foreign country, have been illegally exported in contravention of a law of that country, and the subject of a request for its return. Mexico has had cultural property laws in place since 1897.

The return of the objects coincided with the 50th anniversary of the UNESCO Convention on the Means of Prohibiting the Illicit Import, Export and Transfer of Cultural Property 1970, which provides the international framework for cooperation to prevent trafficking of cultural material. Australia and Mexico are both signatories to the 1970 convention. The last object returns had occurred in 2018 and included an ammonite fossil returned to the People's Democratic Republic of Algeria, and 4 decorated ancestral skulls returned to the Republic of Indonesia.



The 4 objects that were returned to the Embassy of Mexico on 11 November 2020 (from left to right): Tlatilco bi-chrome lady figurines on a shared stand (pre-Columbian, Valley of Mexico, Tlatilco culture, 800–200 BCE); 2 Jalisco pottery seated female sheepface figurines (pre-Columbian, West Mexico, Jalisco, 200–500 CE); Chinesco polychrome seated figure (pre-Columbian, West Mexico, Nayarit, 200–500 CE). (Image: Kris Kerehona from the Department of Infrastructure, Transport, Regional Development and Communications)


70. The effectiveness of the department’s oversight of ABC and SBS

Source: 2020–21 Portfolio Budget Statements p. 76, 2020–21 Corporate Plan p. 41

2020–21 target	2020–21 result	Previous result
Effective in 2020–21	<div>Target met</div> <p>We provided \$1.361 billion to the national broadcasters (ABC and SBS)</p> <p>The national broadcasters continued to provide television, radio and digital media services in line with their charters</p>	Effective in 2019–20
Methodology: Analysis of oversight actions required and performed		


We made payments to fund the operations of the national broadcasters to ensure that services continued in line with their charters. Reporting released by ABC and SBS in 2020–21 reflects the important role they play in shaping Australia’s sense of identity and informing, entertaining and reflecting the cultural diversity of Australian communities.

National broadcasters



ABC’s 2019–20 Annual Report⁵³ indicates:

- > 78% of Australians believe the ABC performs a valuable role in the Australian community; this represents a 4 percentage point decrease in community sentiment compared to 2018–19
- > a combined national audience reach in 2020 was estimated at 67.6% over one week; this represents a 0.7 percentage point decrease compared to 2019 (68.3%)



In its 2019–20 Annual Report,⁵⁴ SBS reported it maintained overall audience reach, and each month reached about:

- > 11.9 million viewers on television
- > 8.3 million viewers on digital platforms

...

53 Available at: <https://about.abc.net.au/wp-content/uploads/2021/02/Annual-Report-2019-2020-UDATED.pdf>
54 Available at: https://www.sbs.com.au/aboutus/sites/sbs.com.au/aboutus/files/sbs_annual_report_2019-20_final.pdf

Our oversight of ABC and SBS includes advice to the entities, and to the minister in relation to corporate planning and reporting compliance; advice about entity funding; and advice to our ministers on matters relating to the entity. We also review our internal processes for providing the oversight.

71. Whether arts and cultural development administered items are delivered efficiently		
Source: 2020–21 Portfolio Budget Statements p. 83, 2020–21 Corporate Plan p. 41		
2020–21 target	2020–21 result	Previous result
<p>Administered items are delivered on time and on budget in 2020–21, indicating efficient delivery</p> <p>Rationale: Performing to this standard would demonstrate we are meeting the government's expectations for efficiency</p>	<p>Target met</p> <p>We delivered all 31 arts and cultural development administered items on time and on budget, indicating efficient program delivery</p>	<p>We delivered all 28 arts and cultural development administered items on time and on budget in 2019–20</p>
Methodology: For each administered item, analysis and comparison between projected and actual milestones and budget		

Our total program expenditure in 2020–21 was \$868.4 million. Of our 31 programs, the largest totalled \$466.1 million.

Arts agency appropriations

Funding of \$466.1 million was delivered in 2020–21. We provided funding to support the operations of 9 arts portfolio entities – the Australia Council; Australian Film, Television and Radio School; Australian National Maritime Museum; National Film and Sound Archive of Australia; National Gallery of Australia; National Library of Australia; National Museum of Australia; National Portrait Gallery of Australia; and Screen Australia.

Restart Investment to Sustain and Expand (RISE) fund

The RISE fund supported the arts and entertainment sector to reactivate. The program targets funding towards arts and entertainment sector organisations to assist in the presentation of cultural and creative projects, activities and events to rebuild confidence among investors, producers and consumers. In 2020–21, \$100 million was committed to 242 organisations. Subsequently, one project did not proceed and funding of \$100,000 was returned.

Indigenous Languages and Arts

Through the Indigenous Languages and Arts program in 2020–21, funding of \$21.5 million was provided to support participation in, and maintenance of, Aboriginal and Torres Strait Islander cultures through languages and arts, in order to keep cultural identity strong within local communities and to enhance the wellbeing of Aboriginal and Torres Strait Islander peoples.

The program included the provision of annual operational funding for 20 Indigenous language centres located primarily across regional and remote Australia.

Indigenous Visual Arts Industry Support (including Visual Arts and Craft Strategy)

In 2020–21, funding of \$29.8 million was provided to Indigenous visual arts organisations in order to support a professional, viable and ethical Indigenous visual arts industry. The program supported around 84 Indigenous-owned art centres, as well as various art fairs, regional hubs and industry service organisations. Together, these organisations supported more than 8,000 Aboriginal and Torres Strait Islander artists and over 500 Aboriginal and Torres Strait Islander arts workers.

Results matrix

Measures	Target met	Target partially met	Target not met	No target
59. Contribution of creative and cultural sectors to the economy	●			
60. Value of private sector investment and philanthropic funding to the creative and cultural sector				●
61. The impact of our activity in supporting and promoting Australian literature	●			
62. Number of students successfully completing courses at national elite performing arts training organisations		●		
63. Engagement with the national cultural institutions, indicated through:				
a) number of in-person visits to engage with national collecting institutions (including on- and off-site visits		●		
b) percentage of objects in national collections accessible online				
c) number of web visits to the national cultural institutions				

Measures	Target met	Target partially met	Target not met	No target
64. The impact of our arts and cultural activities to support inclusion of people with disability	●			
65. The impact of our arts and cultural activities to support inclusion of regional and remote Australians	●			
66. The impact of our arts and cultural activities to support inclusion preserving and celebrating Indigenous languages, arts and culture	●			
67. Artbank operations, number of:				
a) artworks purchased				●
b) artworks leased				
c) clients				
68. Effectiveness of the Australian content, classification and copyright regulatory frameworks	●			
69. Regulatory activities undertaken under the <i>Protection of Movable Cultural Heritage Act 1986</i>				●
70. The effectiveness of the department's oversight of ABC and SBS	●			
71. Whether arts and cultural development administered items are delivered efficiently	●			
Total	8	2	0	3



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Accountable for results
Deliver with integrity

PART 5

Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Infrastructure, Transport and Regional Development

Opinion

In my opinion, the financial statements of the Department of Infrastructure, Transport, Regional Development and Communications (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2021 and for the year then ended:

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

Basis for opinion

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

Key audit matters

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

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Key audit matter	How the audit addressed the matter
<p>Valuation of Administered Advances and Loans</p> <p><i>Refer to Note 4.1B 'Administered – Trade and other receivables' and Note 7.3 'Administered – Financial Instruments'</i></p> <p>I focused on this balance due to its significance to the financial statements and the complexity of the accounting treatment required for the measurement and valuation of advances and loans. The Entity administers a number of advances and loans, the most significant of which is the loan to NBN Co Limited.</p> <p>Advances and loans are complex as they are required to be assessed by the Entity for impairment based on an expected credit loss model. This model requires the Entity to make judgements and assumptions about the likelihood that advances and loans will not be recovered, resulting in a credit loss. These judgements are predominantly based on expected cash flow forecasts, credit ratings and probabilities of default events occurring.</p> <p>As at 30 June 2021 the value of administered trade and other receivables for advances and loans was \$15 339.5 million. The loan to NBN Co Limited comprised the majority of this balance and was \$13 200.0 million.</p>	<p>To audit the valuation of advances and loans, I performed the following procedures:</p> <ul style="list-style-type: none"> evaluated the methodology adopted by the Entity to assess outstanding advances and loans for expected credit losses and impairment at 30 June 2021; assessed the reasonableness of key assumptions made by the Entity in the expected credit loss model by comparing them to: <ul style="list-style-type: none"> publicly available information for comparable instruments relating to credit quality of loan counter parties, such as credit ratings and cash flow forecasts, where such information was available; and entity or industry benchmarks with appropriate adjustment for the specific loan arrangements. tested the accuracy of calculations performed by the Entity within the expected credit loss model; and tested, on a sample basis, loans advanced and repayments receipted during the year to loan contracts to assess the accuracy of the amounts and actual interest rates applied.
Key audit matter	How the audit addressed the matter
<p>Valuation of the Administered Investment in NBN Co Limited</p> <p><i>Refer to Note 4.1D 'Administered - Other Investments'</i></p> <p>I focused on this balance due to the significant value of the Entity's investment in NBN Co Limited (the company) and the significant level of judgement applied by the Entity to estimate the fair value of this investment</p> <p>The discounted cash flow model used by the Entity to determine the fair value of the company requires a higher level of judgement and estimation because the primary inputs applied in the model are not based on observable market data (given limitations on the availability of such comparable data).</p> <p>There is risk of misstatement in the estimated fair value attributable to the estimation uncertainty associated with the following inputs which have a significant impact on the estimation of the fair value of the company:</p> <ul style="list-style-type: none"> the estimated future cash flow of the company. This primarily relates to revenue, capital and operating expenditure forecasts. The complexity 	<p>To address the key audit matter, I have:</p> <ul style="list-style-type: none"> assessed the competence and objectivity of management's valuation experts who performed the valuation for the Entity; tested the mathematical accuracy of the discounted cash flow model used to determine the investment value; assessed the appropriateness of the Entity's assumptions and inputs used in the valuation model, including cash flow, growth forecasts, financial structure and the discount rate applied. This involved: <ul style="list-style-type: none"> assessing the reasonableness of assumptions underpinning estimated future cash flows, particularly future revenue, working capital requirements and asset acquisition, replacement and maintenance costs in the valuation model against estimates contained within corporate plans produced by the company;

<p>of estimating these cash flows is increased due to further upgrade of the NBN network which will connect additional premises to fibre to the node technology and is estimated by the Entity to contribute to increased revenue growth;</p> <ul style="list-style-type: none">the estimation of the terminal value, including estimates of the amount of debt, gearing structure and associated financing assumptions included in the calculation;assumptions relating to the whether the use of accumulated tax losses of the company should be included in the cash flow forecast, given there is uncertainty as to whether these losses would be available to a hypothetical purchaser;the determination of a discount rate and weighted average cost of capital, particularly whether the rate has been appropriately adjusted to reflect any specific risk and market premiums. <p>At 30 June 2021, the value of the investment recognised for the company was \$18 billion.</p>	<ul style="list-style-type: none">assessing the reasonableness of assumptions underpinning the selection of an appropriate discount rate, particularly specific risk and market premiums influencing the rate calculated;assessing the assumptions made by the Entity in respect of financial structure, particularly the ratio of earnings before interest, tax, depreciation, and amortisation (EBITDA) to debt which I compared to listed companies in the infrastructure and telecommunications sector with comparable activities to confirm that it fell within a similar range;assessing the Entity's comparison of key inputs used in the valuation model against available market information. This included comparing the company's EBITDA as a proportion of the investment value to listed companies with comparable business activities to confirm that they fall within a comparable range; andconsidering the sensitivity of the valuation by adjusting the discount rate, terminal value growth rate, debt to EBITDA and probabilities attached to future scenarios to other outcomes that I considered reasonably foreseeable to confirm the value of the investment calculated by the Entity was within a reasonable range.assessed the adequacy of disclosures made in note 4.1D to the financial statements to assess that the information presented by the Entity is in accordance with AASB 13. The notes explain that there is a higher level of estimation uncertainty in relation to the valuation of NBN Co Limited.
<p>Key audit matter</p> <p>Valuation of the Administered Investments in the Australian Postal Corporation, Australian Rail Track Corporation and Airservices Australia</p> <p><i>Refer to Note 4.1D 'Administered – Other Investments'</i></p> <p>I focused on this balance given the significant value of these investments to the financial statements and the judgement and estimation applied by the Entity in determining the fair value of these investments.</p> <p>The discounted cash flow models used to determine the fair value of these investments requires a higher level of judgement and estimation by the Entity because the primary inputs into these models, particularly estimated future cash flows, discount rates, terminal values and weighted average cost of capital applied, are not based on observable market data.</p>	<p>How the audit addressed the matter</p> <p>To address the key audit matter I have:</p> <ul style="list-style-type: none">assessed the competence and objectivity of management's valuation experts who performed the valuation of these investments for the Entity;assessed the appropriateness of the Entity's decision to exclude cash flows associated with the Inland Rail line from the discounted cash flow model used to estimate the fair value of the Australian Rail Track Corporation;assessed the appropriateness of the Entity's assumptions and inputs used in the valuation model, including cash flow and growth forecasts and the discount rate applied. This included:

The complexity of some of these valuations was increased due to uncertainty associated with evaluating the ongoing impact of the COVID-19 pandemic on the estimate of future cash flows. Particularly, in relation to:

- Airservices Australia, there has been a significant decrease in domestic and international air travel as a result of the pandemic. Airservices Australia generates a significant proportion of its revenue from on- route air traffic control and navigation services and has been reliant on government support to fully fund operations during the pandemic. At 30 June 2021 there continues to be uncertainty as to the timing of revenue returning to pre-pandemic levels; and
- Australian Postal Corporation, there was an increase in volume of parcels delivered during the pandemic. At 30 June 2021, there continues to be increased uncertainty as to whether the volume of parcels, which contribute significant revenue and cost drivers will be maintained – particularly across the long term.

The complexity of the valuation of the Australian Rail Track Corporation is increased due to the impact on the corporation's estimated future cash flows of the construction and future operation of the Melbourne to Brisbane Inland Rail. As explained by the Entity at Note 4.1D the cash flows associated with Inland Rail were not included in the discounted cash flow valuation model at 30 June 2021.

As at 30 June 2021 the value of the investments recognised was:

- Australian Postal Corporation, \$2.3 billion;
- Australian Rail Track Corporation, \$2.7 billion; and
- Airservices Australia, \$246.7 million.

- assessing the reasonableness of assumptions underpinning future cash flows, particularly future revenue and cost assumptions applied in the valuation model against estimates contained within corporate plans produced by each entity;
- assessing the reasonableness of the probabilities of scenarios applied within the discounted cash flow models in respect of the ongoing impact of the COVID-19 pandemic to confirm they reflected the plans and forecasts produced by each impacted company; and
- assessing the reasonableness of assumptions underpinning the selection of an appropriate discount rate, particularly specific risk and market premiums influencing the rate calculated.
- assessed the Entity's comparison of key inputs used in the valuation model against available market information. This included comparing each company's earnings before income tax, depreciation and amortisation as a proportion of the investment value to similar listed companies with comparable business activities to confirm that they fall within a consistent range;
- considered the sensitivity of the valuation by adjusting the discount rate, terminal value growth rate, probabilities attached to future scenarios to other outcomes that I considered reasonably foreseeable to confirm the value of the investment calculated by the Entity was within a reasonable range; and
- assessed the adequacy of disclosures made in note 4.1D to the financial statements to determine whether that the information presented by the Entity is in accordance with AASB 13.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Australian National Audit Office



Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
16 September 2021

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

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Simon Atkinson
Secretary

16 September 2021



Brad Medland
Chief Financial Officer

16 September 2021

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	206,787	205,780	236,275
Suppliers	1.1B	122,733	121,191	122,611
Grants and contributions	1.1C	9,078	46,452	8,400
Depreciation and amortisation	3.2A	35,883	34,473	36,468
Finance costs	1.1D	1,339	1,502	2,950
Impairment loss on financial instruments		-	411	-
Write-down and impairment of other assets	1.1E	613	1,376	-
Other expenses	1.1F	393	-	-
Total expenses		376,826	411,185	406,704
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	6,588	4,771	3,637
Rental income	1.2B	6,366	6,879	1,954
Other revenue	1.2C	3,317	2,644	6,699
Total own-source revenue		16,271	14,294	12,290
Gains				
Other gains	1.2D	182	1,298	415
Total gains		182	1,298	415
Total own-source income		16,453	15,592	12,705
Net cost of services		360,373	395,593	393,999
Revenue from Government	1.2E	366,843	364,610	375,705
Surplus/(Deficit) on continuing operations		6,470	(30,983)	(18,294)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		-	1,324	-
Total other comprehensive income		-	1,324	-
Total comprehensive income/(loss)		6,470	(29,659)	(18,294)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF FINANCIAL POSITION
for the period ended 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	12,100	10,279	11,629
Trade and other receivables	3.1B	155,650	132,927	132,550
Accrued revenue		582	1,017	1,017
Total financial assets		168,332	144,223	145,196
Non-financial assets¹				
Buildings	3.2A	135,564	161,759	139,517
Heritage and cultural	3.2A	36,107	35,720	35,578
Property, plant and equipment	3.2A	18,804	22,248	25,664
Intangibles	3.2A	40,341	26,072	39,726
Other non-financial assets	3.2C	4,966	6,338	6,338
Total non-financial assets		235,782	252,137	246,823
Total assets		404,114	396,360	392,019
LIABILITIES				
Payables				
Suppliers	3.3A	31,103	32,254	33,105
Other payables	3.3B	9,874	6,681	7,212
Total payables		40,977	38,935	40,317
Interest bearing liabilities				
Leases	3.4A	115,114	133,548	116,721
Total interest bearing liabilities		115,114	133,548	116,721
Provisions				
Employee provisions	6.1A	69,393	72,510	73,629
Other provisions	3.5	713	960	960
Total provisions		70,106	73,470	74,589
Total liabilities		226,197	245,953	231,627
Net assets		177,917	150,407	160,392
EQUITY				
Contributed equity		11,837	(9,203)	11,836
Reserves		42,001	42,001	42,004
Accumulated surplus		124,079	117,609	106,552
Total equity		177,917	150,407	160,392

¹ Right-of-use assets are included in Buildings and Property, plant and equipment.

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2021

		2021	2020 ¹	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance as at 1 July 2020		(9,203)	(89,395)	(9,204)
Opening balance - DoCA (restructuring)	8.3A	-	72,849	-
Balance carried forward from previous period		(9,203)	(16,546)	(9,204)
Transactions with owners				
Contributions by owners				
Departmental capital budget		21,040	7,343	21,040
Total transactions with owners		21,040	7,343	21,040
Closing balance as at 30 June		11,837	(9,203)	11,836
ACCUMULATED SURPLUS				
Opening balance as at 1 July 2020		117,609	167,277	117,607
Opening balance - DoCA (restructuring)	8.3A	-	(26,541)	-
Balance carried forward from previous period		117,609	140,736	117,607
Adjustment on initial application of AASB 16		-	7,856	-
Adjusted opening balance		117,609	148,592	117,607
Comprehensive income				
Surplus/(Deficit) for the period		6,470	(30,983)	(18,294)
Total comprehensive income		6,470	(30,983)	(18,294)
Closing balance as at 30 June		124,079	117,609	99,313
ASSET REVALUATION RESERVE				
Opening balance as at 1 July 2020		42,001	33,628	42,004
Opening balance - DoCA (restructuring)	8.3A	-	7,049	-
Balance carried forward from previous period		42,001	40,677	42,004
Comprehensive income				
Other comprehensive income				
Changes in asset revaluation reserve				
Non-financial assets		-	1,410	-
Provision for restoration		-	(86)	-
Total comprehensive income		-	1,324	-
Closing balance as at 30 June		42,001	42,001	42,004

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 ¹ \$'000	Original Budget 2021 \$'000
TOTAL EQUITY				
Opening balance as at 1 July 2020		150,407	111,510	150,407
Opening balance - DoCA (restructuring)	8.3A	-	53,357	-
Balance carried forward from previous period		150,407	164,867	150,407
Adjustment on initial application of AASB 16		-	7,856	-
Adjusted opening balance		150,407	172,723	150,407
Comprehensive income				
Surplus/(Deficit) for the period		6,470	(30,983)	(18,294)
Changes in asset revaluation reserve				
Non-financial assets		-	1,410	-
Provision for restoration		-	(86)	-
Total comprehensive income		6,470	(29,659)	(18,294)
Transactions with owners				
Contributions by owners				
Departmental capital budget		21,040	7,343	21,040
Total transactions with owners		21,040	7,343	21,040
Closing balance as at 30 June		177,917	150,407	153,153

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

¹ On 1 February 2020, the Department of Communications and the Arts (DoCA) was abolished and its functions were merged with the renamed Department of Infrastructure, Transport, Regional Development and Communications. The amounts reported for the 2019-20 financial year represent the combined results for both departments for the period 1 July 2019 to 30 June 2020.

Accounting Policy

Equity Injections

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

Restructuring of Administrative Arrangements

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

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
CASH FLOW STATEMENT
for the period ended 30 June 2021

			Original Budget 2021 \$'000
	Notes	2021 \$'000	2020 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		376,239	420,085
Revenue from contracts with customers		8,082	6,338
Net GST received		9,256	14,521
Other		8,832	7,839
Total cash received		402,409	448,783
Cash used			
Employees		208,301	200,944
Suppliers and grants		140,601	167,012
Interest payments on lease liabilities		1,336	1,497
Section 74 receipts transferred to OPA		22,917	41,579
Other expenses		-	-
Total cash used		373,155	411,032
Net cash from operating activities		29,254	37,751
INVESTING ACTIVITIES			
Cash used			
Purchase of buildings		832	6,765
Purchase of property, plant and equipment		2,864	6,638
Purchase of intangibles		15,643	12,630
Total cash used		19,339	26,033
Net cash (used by) investing activities		(19,339)	(26,033)
FINANCING ACTIVITIES			
Cash received			
Departmental capital budget		12,981	10,920
Total cash received		12,981	10,920
Cash used			
Principal payments of lease liabilities		21,075	20,763
Total cash used		21,075	20,763
Net cash from/(used by) financing activities		(8,094)	(9,843)
Net increase in cash held		1,821	1,875
Cash and cash equivalents at the beginning of the reporting period		10,279	8,404
Cash and cash equivalents at the end of the reporting period	3.1A	12,100	10,279

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

for the period ended 30 June 2021

Budget Variance Commentary

The budget variance commentary reflects major differences between the actual balances and the original budgeted amounts presented in the department's 2020-21 Portfolio Budget Statements (PBS).

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10 percent or
- an item below this threshold that is considered important for the readers' understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Statement of Comprehensive Income

Expenses

Employee expenses are \$29.5 million or 12 percent lower than the original budget mainly due to slower recruitment activity as a result of COVID-19 and an increase in the 10 year government bond rate that resulted in a downward revaluation of the long service leave provision.

No budget allowance is made for impairment, write-downs or other expenses.

Income

Revenue from contracts with customers is \$3.0 million or 81 percent higher than budget mainly due to the recovery of expenses associated with seconded employees being budgeted against employee expenses.

Rental income is \$4.4 million or 226 percent higher than budget due to the classification of Artbank revenue as other revenue in the original budget (\$3.2 million).

Operating result

The operating result (surplus) is \$24.8 million or 135 percent higher than budget mainly due to lower employee expenses by \$29.5 million, offset by lower than budgeted revenue from government.

Statement of Financial Position

Financial assets are higher than budget by \$23.1 million or 16 percent mainly due to the increase in cash reserves in the form of appropriation receivables by \$21.6 million (unspent appropriations). Unspent appropriations are attributable to the operating result (see above).

Property, plant and equipment are lower than budget by \$6.9 million or 27 percent mainly due to the shortage of supply of ICT hardware associated with IT projects (\$6.2 million).

Other payables are higher than budget by \$2.7 million or 37 percent mainly due to higher than budgeted employee payables (\$1.9 million) and the budget not taking into account one additional business day between the last payday and 30 June.

Cash Flow Statement

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

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2.1A	15,970	16,062	17,226
Suppliers	2.1B	560,075	542,999	769,269
Subsidies	2.1C	2,459,303	832,519	1,581,578
Grants	2.1D	5,659,851	4,794,010	5,145,011
Depreciation and amortisation	4.2A	56,853	61,404	57,929
Impairment loss on financial instruments	2.1E	-	1,485	-
Write-down and impairment of other assets	2.1F	308	90	-
Losses from asset sales		54	9	-
Payments to corporate Commonwealth entities	2.1G	2,060,440	1,989,812	2,060,145
Concessional loans		-	134	-
Other expenses	2.1H	17,841	34,095	14,832
Total expenses		10,830,695	8,272,619	9,645,990
Income				
Revenue				
Taxation revenue				
Other taxes	2.2A	14,753	38,924	19,258
Total taxation revenue		14,753	38,924	19,258
Non-taxation revenue				
Revenue from contracts with customers	2.2B	39,622	37,909	21,145
Western Sydney Airport preparatory activities		99,600	99,600	99,600
Fees and fines	2.2C	132,808	128,643	152,746
Interest	2.2D	790,797	735,607	885,995
Dividends	2.2E	126,441	49,675	73,700
Rental income	2.2F	4,350	4,259	3,831
Other revenue	2.2G	4,108	5,186	1,460
Total non-taxation revenue		1,197,726	1,060,879	1,238,477
Total revenue		1,212,479	1,099,803	1,257,735
Gains				
Other gains	2.2H	5,998	46,130	-
Total gains		5,998	46,130	-
Total income		1,218,477	1,145,933	1,257,735
Net cost of services		(9,612,218)	(7,126,686)	(8,388,255)
Deficit		(9,612,218)	(7,126,686)	(8,388,255)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		2,731,465	4,297,698	-
Total other comprehensive income		2,731,465	4,297,698	-
Total comprehensive loss		(6,880,753)	(2,828,988)	(8,388,255)

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

for the period ended 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	41,989	27,153	27,153
Trade and other receivables	4.1B	15,410,406	21,553,464	21,504,878
Investments	4.1D	35,724,643	31,790,857	35,214,685
Other financial assets	4.1E	79,216	74,632	77,409
Total financial assets		51,256,254	53,446,106	56,824,125
Non-financial assets				
Land and buildings	4.2A	206,528	231,079	235,872
Heritage and cultural	4.2A	173,869	174,718	175,492
Property, plant and equipment	4.2A	447,851	472,275	458,847
Intangibles	4.2A	6,766	7,030	3,510
Inventories	4.2B	2,632	2,408	2,408
Prepayments	4.2C	3,071	9,611	9,695
Total non-financial assets		840,717	897,121	885,824
Assets held for sale		265,390	-	-
Total assets administered on behalf of Government		52,362,361	54,343,227	57,709,949
LIABILITIES				
Payables				
Suppliers	4.3A	353,698	347,321	492,332
Subsidies	4.3B	100,306	58,608	110,710
Grants	4.3C	94,662	44,447	45,253
Other payables	4.3D	9,283	10,713	9,180
Total payables		557,949	461,089	657,475
Provisions				
Employee provisions	6.1B	4,205	4,040	4,040
Other provisions	4.4A	413,840	76,286	76,286
Total provisions		418,045	80,326	80,326
Total liabilities administered on behalf of Government		975,994	541,415	737,801
Net assets		51,386,367	53,801,812	56,972,148

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2021

	Notes	2021 \$'000	2020 ¹ \$'000
Opening assets less liabilities as at 1 July		53,801,812	8,520,536
Opening balance - DoCA (restructuring)	8.3B	-	34,622,779
Adjustment on initial application of AASB 15		-	(96)
Adjusted opening assets less liabilities		53,801,812	43,143,219
Net (cost of)/contribution by services			
Income		1,218,477	1,145,933
Expenses			
Payments to entities other than corporate Commonwealth entities		(8,770,255)	(6,282,807)
Payments to corporate Commonwealth entities		(2,060,440)	(1,989,812)
Other comprehensive income			
Revaluations and impairments transferred to reserves - non-financial assets		246,133	2,344
Revaluations transferred to reserves - investments		2,485,332	4,295,354
Transfers (to)/from Australian Government			
Appropriation transfers from Official Public Account (OPA)			
Administered asset and liabilities appropriations			
Loans to corporate Commonwealth entities		42,000	6,405,000
Other administered asset and liabilities appropriations		1,455,730	1,218,077
Annual appropriations			
Payments to entities other than corporate Commonwealth entities		5,124,786	3,038,627
Payments to corporate Commonwealth entities		2,060,440	1,989,812
GST		132,131	122,167
Special appropriations (unlimited)			
Payments to corporate Commonwealth entities		200,441	228,841
Refund of administered receipts - section 77 PGPA Act		268	705
Assistance for Severely Affected Regions (COVID-19)		161,625	96,049
Protection of the Sea Pollution Compensation Fund		-	308
Special appropriations - Financial Assistance Grants		2,561,384	2,561,665

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 ¹ \$'000
Funds provided from related entity to the Public Interest Telecommunications Services Special Account		244,138	261,863
Appropriation transfers to OPA			
Transfers to OPA		(1,213,864)	(1,170,922)
Airservices Australia capital return		-	(200,000)
Transfers to OPA non-cash		-	(308)
Repayments of loans		(6,303,771)	(946,557)
Other transfers			
Restructuring	8.3B	-	(117,746)
Closing assets less liabilities as at 30 June		51,386,367	53,801,812

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

¹ On 1 February 2020, DoCA was abolished and its functions were merged with the renamed Department of Infrastructure, Transport, Regional Development and Communications. The amounts reported for the 2019-20 financial year represent the combined results for both departments for the period 1 July 2019 to 30 June 2020.

Accounting Policy

Administered cash transfers from and to the Official Public Account

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

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2021

	2021	2020
Notes	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
Revenue from contracts with customers	38,972	18,859
Western Sydney Airport preparatory activities	99,600	99,600
Fees and fines	132,831	147,298
Interest	1	4
Dividends	126,441	49,675
Rental income	2,825	2,706
Royalties	1,317	958
Net GST received	131,867	112,526
Other taxes	14,753	38,924
Other revenue	3,581	33,818
Total cash received	552,188	504,368
Cash used		
Employees	15,760	15,858
Grants	5,603,396	4,817,721
Subsidies	2,083,100	785,159
Suppliers	707,840	664,987
Biodiversity offset credits	11	18,806
Payments to corporate Commonwealth entities	2,060,440	1,989,812
Other expenses	13,910	11,919
Total cash used	10,484,457	8,304,262
Net cash used by operating activities	(9,932,269)	(7,799,894)
INVESTING ACTIVITIES		
Cash received		
Repayments of loans	6,303,771	1,020,153
Interest	694,838	641,142
Proceeds from sales of property, plant and equipment	26	162
Total cash received	6,998,635	1,661,457
Cash used		
Advances and loans made	42,000	6,580,095
Purchase of property, plant and equipment	21,182	12,306
Purchase of land and buildings	3,591	4,393
Heritage and cultural	1,611	-
Investments	1,448,454	841,867
Total cash used	1,516,838	7,438,661
Net cash from/(used by) investing activities	5,481,797	(5,777,204)

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED CASH FLOW STATEMENT

	Notes	2021 \$'000	2020 \$'000
FINANCING ACTIVITIES			
Cash received			
Funds provided from related entity to the Public Interest Telecommunications Services Special Account		244,138	261,863
Total cash received		244,138	261,863
Net cash from financing activities		244,138	261,863
Net decrease in cash held		(4,206,334)	(13,315,235)
Cash and cash equivalents at the beginning of the reporting period		27,153	4,335
Cash from Official Public Account			
Appropriations		11,696,805	9,075,437
Loans to corporate Commonwealth entities		42,000	6,405,000
Loans to entities other than corporate Commonwealth entities		-	175,095
Total cash from official public account		11,738,805	15,655,532
Cash to official public account			
Appropriations		(1,213,864)	(1,370,922)
Repayments of loans		(6,303,771)	(946,557)
Total cash to official public account		(7,517,635)	(2,317,479)
Cash and cash equivalents at the end of the reporting period	4.1A	41,989	27,153

The above statement should be read in conjunction with the accompanying notes, including the budget variance commentaries.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

for the period ended 30 June 2021

Budget Variance Commentary

The budget variance commentary reflects major differences between the actual balances and the original budgeted amounts presented in the department's 2020-21 PBS.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10 percent or
- an item below this threshold that is considered important for the readers' understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Administered Schedule of Comprehensive Income

Expenses

Supplier expenses are lower than budget by \$209.2 million or 27 percent mainly due to recognition of actual expenses associated with the biodiversity offset credits for the Western Sydney Airport (\$92.7 million) and Regional Services Aviation Fund (\$66.0 million) in other expenses and grants respectively.

Subsidy expenses are higher than budget by \$877.7 million or 55 percent mainly due to additional support provided to the Australian domestic airline industry, impacted as a result of COVID-19 and payment of \$334.5 million to the eligible funding recipient, NBN Co, under the Regional Broadband Scheme (RBS). The RBS started on 1 January 2021.

Grant expenses are higher than budget by \$514.8 million or 10 percent due to a government decision to bring forward \$1.3 billion in Financial Assistance Grant payments from the 2021-22 financial year. This was partially offset by a decrease in expenditure for other grants programs, including the Community Development Grants program (\$125.7 million), Local Roads and Community Infrastructure program (\$89.1 million) and Building Better Regions Fund (\$71.3 million). The decrease in expenses is mainly due to slippages in program delivery as a result of the continued impact of the drought, bushfires and COVID-19.

No budget allowance is made for the write-down or impairment of assets.

Income

Other taxes are lower than budget by \$4.5 million or 23 percent mainly due to tax relief measures provided to airports to assist with the impact of COVID-19.

Revenue from contracts with customers is higher than budget by \$18.5 million or 87 percent mainly due to recognition of budgeted revenue associated with airport related activities and motor vehicle import in fees and fines income.

Dividend revenue is higher than budget by \$52.7 million or 72 percent mainly due to 2019-20 interim dividends not being declared prior to 30 June 2020, as anticipated, but instead in 2020-21.

Interest revenue is lower than budget by \$95.2 million or 11 percent mainly due to the early repayments on the NBN Co loan.

Administered Schedule of Assets and Liabilities

Trade and other receivables are lower than budget by \$6.1 billion or 28 percent mainly due to the early repayments on the NBN Co loan (\$6.3 billion).

Land and buildings are lower than budget by \$29.3 million or 12 percent mainly due to the reclassification of the land at Bringelly, NSW to assets held for sale. The carrying value of \$265.4 million for the land at 30 June 2021, reflects its fair value, following a revaluation undertaken by independent qualified experts.

Total payables are lower than budget by \$99.5 million or 15 percent mainly due to lower than anticipated supplier payables at the year end. This was partially offset by the Financial Assistance Grants program payables being not budgeted.

Other provisions are higher than budget by \$337.6 million or 442 percent mainly due to recognition of an estimated payment of \$334.5 million to the eligible funding recipient, NBN Co, under the RBS. Refer Note 4.4A for details.

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

Overview	164
1. Departmental Financial Performance	166
1.1 Expenses	166
1.2 Own-Source Revenue and Gains	168
2. Income and Expenses Administered on Behalf of Government	170
2.1 Administered – Expenses	170
2.2 Administered – Income	173
3. Departmental Financial Position	176
3.1 Financial Assets	176
3.2 Non-Financial Assets	177
3.3 Payables	180
3.4 Interest Bearing Liabilities	181
3.5 Other Provisions	181
4. Assets and Liabilities Administered on Behalf of Government	182
4.1 Administered – Financial Assets	182
4.2 Administered – Non-Financial Assets	191
4.3 Administered – Payables	195
4.4 Administered – Other Provisions	196
5. Funding	197
5.1 Appropriations	197
5.2 Special Accounts	201
5.3 Regulatory Charging Summary	204
5.4 Net Cash Appropriation Arrangements	205
6. People and Relationships	206
6.1 Employee Provisions	206
6.2 Key Management Personnel Remuneration	207
6.3 Related Party Disclosures	208
7. Managing Uncertainties	209
7.1 Contingent Assets and Liabilities	209
7.2 Financial Instruments	213
7.3 Administered – Financial Instruments	215
7.4 Administered – Fair Value Measurement	219
8. Other Information	222
8.1 Current/Non-current Distinction for Assets and Liabilities	222
8.2 Assets Held in Trust	224
8.3 Restructuring	225

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

Overview

The Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with:

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

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

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified. Transactions denominated in foreign currency are converted at the exchange rate at the date of the transaction. Foreign exchange gains and losses are reported in the Statement of Comprehensive Income.

During 2019-20, DoCA was abolished and its functions merged with the renamed Department of Infrastructure, Transport, Regional Development and Communications (the department) following the Administrative Arrangements Order dated 5 December 2019. The amounts reported for the 2019-20 financial year represent the combined results for both departments for the period 1 July 2019 to 30 June 2020 as required under section 17D of the *Public Governance and Accountability Rule 2014* (refer Note 8.3).

Impact of COVID-19 on the Financial Statements

The department has been impacted by COVID-19 across both its Administered and Departmental functions. The potential impact continues to remain uncertain as the course out of the pandemic is charted. The department has considered the financial impact of COVID-19 in relation to:

- a) the administered grants and subsidies funding associated with delivering the emergency response programs to support the Aviation and Arts sectors. Refer Notes 2.1C and 2.1D.
- b) administered investments: reliability of forecast cash flows and other assumptions that underpin the fair value of administered investments, particularly those determined using a discounted cash flow method under *AASB 13 Fair Value Measurement*. Refer Notes 4.1D, 7.3 and 7.4.
- c) non-financial assets: impairment and revaluations of assets (*AASB 136 Impairment of Assets* and *AASB 116 Property, Plant and Equipment*). Refer Notes 3.2A and 4.2A.
- d) employee provisions: changes in the assumptions, discount rates and trends used to determine annual and long service leave provisions (*AASB 119 Employee Benefits*). Refer Note 6.1.
- e) impairment of financial assets: assumptions used to determine changes in credit risk and expected credit losses for loans and receivables (*AASB 9 Financial Instruments*). Refer Notes 3.1, 4.1 and 7.3.

COVID-19 is not expected to have a material impact on other transactions and balances recorded in the financial statements.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

New Australian Accounting Standards

There have been no new standards issued prior to the signing of the Statement by the Secretary and Chief Financial Officer that were applicable to the current reporting period and had a material effect on the department's financial statements.

Taxation

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

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- b) for receivables and payables.

Reporting of administered activities

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

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

Events after the Reporting Period

On 2 July 2021, amendments to the Administrative Arrangements Order transferred responsibility for the Northern Australia policy including the *Northern Australia Infrastructure Facility Act 2016* from the Department of Industry, Science, Energy and Resources. This event has no impact on the transactions and balances reported at 30 June 2021.

On 6 September 2021, the Australian Government sold the land at Bringelly in Western Sydney to the NSW Government to facilitate the development of the Western Sydney Aerotropolis under the Western Sydney City Deal. The department will recognise a gain of \$27.6 million on the sale amount of \$293.0 million in its Administered Statement of Comprehensive Income during the 2021-22 financial year.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance

This section analyses the financial performance of the department for the year ended 30 June 2021.

1.1 Expenses

	2021 \$'000	2020 \$'000
1.1A: Employee benefits		
Wages and salaries	158,852	150,625
Superannuation		
Defined contribution plans	15,280	13,793
Defined benefit plans	14,892	15,491
Leave and other entitlements	14,558	20,600
Separation and redundancies	2,796	4,184
Other employee expenses	409	1,087
Total employee benefits	206,787	205,780
1.1B: Suppliers		
Goods and services supplied or rendered		
Legal	4,946	5,484
Contracted services	41,181	36,271
Consultants	17,554	16,032
Contractors	22,647	24,842
Travel and accommodation	1,546	4,516
Communications	4,742	4,314
Property operating costs	8,594	7,112
Information technology services	9,449	8,468
Training and conferences	2,739	2,484
Other goods and services	8,087	10,216
Total goods and services supplied or rendered	121,485	119,739
Goods supplied	8,121	12,348
Services rendered	113,364	107,391
Total goods and services supplied or rendered	121,485	119,739
Other suppliers		
Operating lease rentals	616	1,031
Workers compensation expenses	632	421
Total other suppliers	1,248	1,452
Total suppliers	122,733	121,191

The department has short-term lease commitments of \$0.019 million as at 30 June 2021.

Lease disclosures should be read in conjunction with the accompanying Notes 1.1D, 1.2B, 1.2D, 3.2A and 3.4A.

Accounting Policy

Short-term leases and leases of low-value assets

The department has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of twelve months or less and leases of low-value assets (less than \$10,000). The department recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The department does not recognise right-of-use assets for shared accommodation arrangements for less than ten workpoints where a specific underlying asset cannot be identified.

Employee Benefits

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

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

	2021	2020
	\$'000	\$'000
<u>1.1C: Grants and Contributions</u>		
Australian Government entities (related parties)	7,444	12,090
State and Territory Governments	403	764
Local Governments ¹	-	33,480
Not-for-profit organisations	159	118
Contributions to special accounts	1,072	-
Total grants	9,078	46,452

¹ During 2019-20, grants to local government represent payments made under the Drought Communities Program Extension. These payments are usually administered in nature. Payments were made from departmental appropriations and recognised as departmental expenses due to the absence of a valid administered appropriation at the time payment was required (refer Note 4.3C).

1.1D: Finance costs

Interest on lease liabilities	1,336	1,497
Unwinding of provision for restoration	3	5
Total finance costs	1,339	1,502

1.1E: Write-down and impairment of other assets

Write-down of other property, plant and equipment	57	19
Write-down of artworks	41	9
Impairment of intangible assets	515	696
Revaluation decrements - Artwork	-	652
Total write-down and impairment of other assets	613	1,376

1.1F: Other Expenses

Reversal of sublease straight-lining assets ¹	386	-
Reversal of prior year receivables	7	-
Total other expenses	393	-

¹During 2020-21, the reversal of sublease straight-lining asset represents a loss recognised due to early termination of the sublease by the Australian Transport Safety Bureau with the department (refer Note 3.2C).

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

	2021	2020
	\$'000	\$'000

Own-Source Revenue

1.2A: Revenue from contracts with customers

Sale of goods	-	1
Rendering of services	6,588	4,770
Total revenue from contracts with customers	6,588	4,771

Disaggregation of revenue from contracts with customers

Corporate services	471	359
Cost recovery	4,782	2,943
Overseas projects	1,335	1,468
Other	-	1
Total revenue from contracts with customers	6,588	4,771

1.2B: Rental Income

Operating lease		
Rental rebates	-	26
Operating lease rental	3,263	3,631
Artbank	3,103	3,222
Total rental income	6,366	6,879

Operating Leases

Maturity analysis of operating lease income receivables

Within 1 year	2,144	3,420
One to two years	2,060	3,506
Two to three years	2,125	3,621
Three to four years	2,198	3,740
Four to five years	2,271	3,863
More than 5 years	3,386	7,371
Total undiscounted lease payments receivable	14,184	25,521

1.2C: Other revenue

Resources received free of charge		
Remuneration of auditors	780	805
Seconded employees	87	-
Assets received free of charge	147	14
Special account contributions	1,618	1,208
Other	685	617
Total other revenue	3,317	2,644

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

	2021	2020
	\$'000	\$'000
1.2D: Other gains		
Reversal of previous write-down on leasehold improvement	-	1,270
Reversal of lease liabilities	22	28
Reversal of impairment on financial assets	154	-
Foreign exchange gains - non-speculative ¹	6	-
Total other gains	182	1,298

¹ Foreign exchange gains relate to the cash balance held in a bank account at Montreal, Canada.

1.2E: Revenue from Government

Appropriations		
Departmental appropriations	366,843	364,610
Total revenue from Government	366,843	364,610

Accounting Policy

Revenue from contracts with customers

The majority of departmental revenue sources have specific performance obligations and the contract is enforceable through legal or equivalent means. Contracts are considered to be enforceable through equivalent means where there are specific rights specified in the agreement, the parties can reasonably be expected to act on their obligations, there are consequences for non-performance and/or unspent funds must be refunded.

Revenue from contracts with customers is recognised when the performance obligation has been met, either:

1. at a point in time where the ownership or control of the goods or services is passed to the customer at a specific time, or
2. over time where the services are provided and consumed simultaneously.

The department requires customers to pay in accordance with payment terms. Trade receivables are due for settlement within 30 days.

Corporate Services

The department's performance obligation is the provision of information technology and corporate services to other Australian Government entities in accordance with a Memorandum of Understanding. Revenue is recognised over time where the services are provided and consumed simultaneously.

Cost recovery

The department's performance obligation is undertaking functions or incurring costs on behalf of other Australian Government entities in accordance with a Memorandum of Understanding. Revenue is recognised over time as costs are incurred where there is an expectation they will be recovered.

Delivery of overseas transport projects

The department's performance obligation is the delivery of overseas transport projects in Papua New Guinea and Indonesia. The projects are undertaken under a Record of Understanding that outlines specific activities and the budgeted amount of each activity. Revenue is recognised as activities are completed or over time.

Foreign exchange gains

The department recognises a gain or loss on foreign exchange at the date of the transaction. Exchange gains and losses are reported in the Statement of Comprehensive Income. The department does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains and losses are considered non-speculative in nature.

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 entity 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.

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

2. Income and Expenses Administered on Behalf of Government

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

2.1 Administered – Expenses

	2021	2020
	\$'000	\$'000
2.1A: Employee benefits		
Wages and salaries	12,086	12,631
Superannuation		
Defined contribution plans	1,565	1,582
Defined benefit plans	46	44
Leave and other entitlements	1,788	1,324
Other employee expenses	485	481
Total employee benefits	15,970	16,062
2.1B: Suppliers		
Goods and services supplied or rendered		
Royalty payments	22,521	22,040
Service fees	366,676	374,013
Service delivery arrangements	97,356	88,052
Fuel and oil	11,165	12,074
Contracted services	11,900	-
Rail and road research	10,562	14,083
Medical supplies	4,226	3,473
Property and operating costs	4,252	7,318
Repairs and maintenance	8,168	6,725
Travel and accommodation	412	678
'Building our Future' advertising campaign	8,499	4,403
Information, communication and technology	2,950	2,264
Other goods and services	11,128	7,729
Total goods and services supplied or rendered	559,815	542,852
Goods supplied	15,391	12,074
Services rendered	544,424	530,778
Total goods and services supplied or rendered	559,815	542,852
Other suppliers		
Operating lease rentals	128	126
Workers compensation expenses	132	21
Total other suppliers	260	147
Total suppliers	560,075	542,999

The department has short-term lease commitments for residential and storage leases. There were no material commitments for these leases at 30 June 2021.

Lease disclosures should be read in conjunction with the accompanying notes 2.2F, 4.2 and 4.3D.

Accounting Policy

Short-term leases and leases of low-value assets - Operating lease rentals represent short term residential and storage leases that are cancellable by the department with less than twelve months' notice. The department has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than \$10,000). The department recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

	2021 \$'000	2020 \$'000
<u>2.1C: Subsidies</u>		
Subsidies in connection with		
Tasmanian Freight Equalisation Scheme	165,367	161,167
Bass Strait Passenger Vehicle Equalisation Scheme	36,918	40,775
Regional Broadband Scheme	334,506	-
Airservices Australia		
Waiver of charges	653,226	250,000
Support for essential aviation services	550,000	-
Other aviation subsidies	697,496	358,551
Other subsidies	21,790	22,026
Total subsidies	2,459,303	832,519
<u>2.1D: Grants</u>		
Public sector		
Australian Government entities (related entities)	526,943	482,175
State and Territory Governments	2,644,160	2,600,495
Local Governments	1,508,288	794,432
Private sector		
Not-for-profit organisations	687,281	797,759
Commercial entities	290,711	116,567
Overseas	2,468	2,582
Total grants	5,659,851	4,794,010
Grants to State and Territory Governments include \$2.606 billion (2020: \$2.576 billion) paid to local government bodies through State and Territory Governments, mainly for Financial Assistance Grants.		
<u>2.1E: Impairment loss on financial instruments</u>		
Impairment on trade receivables	-	1,297
Impairment on loans	-	188
Total impairment on financial instruments	-	1,485
<u>2.1F: Write-down and impairment of other assets</u>		
Write-down of property, plant and equipment	308	89
Write-down of heritage and cultural assets	-	1
Total write-down and impairment of other assets	308	90

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

	2021 \$'000	2020 \$'000
2.1G: Payments to corporate Commonwealth entities		
Australian Maritime Safety Authority	84,572	81,986
Civil Aviation Safety Authority	128,424	72,938
Infrastructure Australia	15,419	11,560
National Transport Commission	3,629	3,535
Australian Broadcasting Corporation	1,065,354	1,062,265
Special Broadcasting Service Corporation	296,933	290,054
Australia Council	214,883	212,122
Australian Film, Television and Radio School	25,059	22,605
Australian National Maritime Museum	22,548	21,217
National Film and Sound Archive of Australia	26,535	25,184
National Museum of Australia	42,353	44,611
National Library of Australia	58,786	55,016
National Portrait Gallery of Australia	12,845	11,652
Screen Australia	13,531	11,331
National Gallery of Australia	49,569	57,618
Old Parliament House ¹	-	6,118
Total payments to corporate Commonwealth entities	2,060,440	1,989,812

¹ Amendments to the Administrative Arrangements Order on 8 August 2019 transferred responsibility for reporting the Australian Government's interest in Old Parliament House from the former Department of Communications and the Arts to the Department of the Prime Minister and Cabinet. The effective date for the transfer was 1 September 2019.

Accounting Policy

Grants and Subsidies

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

Payments to corporate Commonwealth entities

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

2.1H: Other expenses

International membership fees	7,610	7,553
Prizes and awards	595	600
Spectrum pricing transitional support	4,756	4,764
Contributions	949	937
Protection of the sea levy payment	-	308
Biodiversity offset credits	3,931	19,931
Other expenses	-	2
Total other expenses	17,841	34,095

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered – Income

	2021	2020
	\$'000	\$'000
2.2A: Other taxes		
Levies	1,125	1,290
Land tax equivalents	10,752	35,031
Other tax equivalents	2,876	2,603
Total other taxes	14,753	38,924
2.2B: Revenue from contracts with customers		
Sale of goods	756	981
Rendering of services	18,127	18,128
Regulatory and other fees	20,739	18,800
Total revenue from contracts with customers	39,622	37,909
Disaggregation of revenue from contracts with customers		
Major product / service line:		
Sale of sand	756	981
Sale of goods	756	981
Classification fees	2,708	3,411
Electricity services	9,698	8,813
Health services	241	121
Marine shipping and wharfage services	625	519
Plant and equipment hire	575	284
Water and sewerage services	4,280	4,980
Rendering of services	18,127	18,128
Airport Building Controllers	3,788	6,832
Airport Environment Officers	1,665	1,605
Motor Vehicle Standards	12,529	7,638
Other fees	2,757	2,725
Regulatory and Other Fees	20,739	18,800
Total revenue from contracts with customers	39,622	37,909
2.2C: Levies and fines		
Marine Navigation levies	94,622	91,442
Protection of the Sea levies	38,045	36,727
Levies from regulatory services	132,667	128,169
Fines	141	474
Total levies and fines	132,808	128,643
2.2D: Interest		
Loans	78,163	85,652
Loan to NBN Co Limited	690,633	628,970
Unwinding of discount - concessional loans	22,000	20,980
Other interest	1	5
Total interest	790,797	735,607

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

	2021	2020
	\$'000	\$'000
<u>2.2E: Dividends</u>		
Australian Postal Corporation	46,160	20,950
Airservices Australia	-	5,400
Australian Rail Track Corporation Limited	80,281	23,325
Total dividends	126,441	49,675
<u>2.2F: Rental income</u>		
Indefeasible Rights of Use	1,529	1,529
Other rental income	2,821	2,730
Total rental income	4,350	4,259

Lease disclosures should be read in conjunction with the accompanying Notes 2.1B, 4.2 and 4.3D.

Accounting Policy

Rental Income is recognised over the term of the Indefeasible Rights of Use granted by the Commonwealth to external parties for use of Regional Blackspot telecommunications infrastructure (refer Administered property, plant and equipment Note 4.2A).

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

2.2G: Other revenue

Refund of previous years payments	1,866	2,082
Insurance recoveries	-	995
Phosphate mine royalties	1,068	958
Contributions	672	363
Other revenue	502	788
Total other revenue	4,108	5,186

2.2H: Other gains

Reversal of impairment for financial assets	2,078	-
Biodiversity offset credits	3,920	14,503
Reversal of prior year payables ¹	-	31,627
Total other gains	5,998	46,130

¹During 2019-20, the reversal of prior year payables represent amounts accrued for the Drought Communities Program Extension that were paid from departmental appropriations (refer Note 1.1C).

Accounting Policy

Revenue

The majority of administered revenue sources have specific performance obligations and the contract is enforceable through legal or equivalent means. Contracts are considered to be enforceable through equivalent means where there are specific rights specified in the agreement, the parties can reasonably be expected to act on their obligations, there are consequences for non-performance and/or unspent funds must be refunded.

Revenue from contracts with customers is recognised when the performance obligation has been met, either:

1. at a point in time where the ownership or control of the goods or services is passed to the customer at a specific time, or
2. over time where the services are provided and consumed simultaneously.

The department requires customers to pay in accordance with payment terms. Trade receivables are due for settlement within 30 days.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The main sources of administered revenue are:

Other taxes

- a) land tax and similar equivalency payments for commercial use of Commonwealth owned land (mainly at regulated airports)
- b) other tax equivalency payments applied in the Indian Ocean Territories and Jervis Bay Territory, and
- c) royalties associated with phosphate mining activities on Christmas Island.

Revenue from contracts with customers

Provision of goods and services in the Indian Ocean Territories and Jervis Bay Territory including electricity supply, water and sewerage and medical fees. Revenue from the sale of goods also includes proceeds from the extraction of surplus sand at regulated airports.

Supply of electricity and water in the Indian Ocean Territories and Jervis Bay Territory have agreements in place with consumers. Revenue is recognised over time based on a fixed fee for network connection and a variable fee for actual use.

Other services provided in the territories include marine wharfage, medical and dental services and short-term hire of equipment.

The department charges application and licence fees under the *Road Vehicle Standards Act 2018*, *Airports Act 1996*, *Coastal Trading (Revitalising Australian Shipping) Act 2012* and the *Classification (Public, Films and Computer Games) Act 1995*. These charges are recognised under AASB 15 irrespective of whether there is a written contract with a customer.

The costs of monitoring environmental conditions at regulated airports is recovered from airport lessees in accordance with the lease agreements.

Other levies and fines

Other fees and fines are collected for regulatory functions including Marine Navigation and Protection of the Seas levies which are remitted to the Commonwealth by the Australian Maritime Safety Authority (AMSA) who collect the levies from commercial shipping operators. An equivalent amount is paid to AMSA from a special appropriation administered by the department (refer Note 5.1B).

Other revenue

Other revenue includes:

- a) interest on loans recognised using the effective interest rate
- b) dividend revenue from Australian Government entities
- c) royalties on phosphate extracted from mining activities on Christmas Island, and
- d) recovery of costs from WSA Co Ltd for preparation of the Western Sydney Airport site.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position

This section analyses the department's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2021	2020
	\$'000	\$'000
3.1A: Cash and cash equivalents		
Cash on hand or on deposit	5,170	4,358
Cash in special accounts	34	52
Cash held in the OPA (special accounts)	6,557	5,507
Other	339	362
Total cash and cash equivalents	12,100	10,279
3.1B: Trade and other receivables		
Goods and services receivables		
Contract assets	2,899	2,521
Total goods and services receivables	2,899	2,521

Contract assets are associated with the provision of information technology and corporate services to other Australian Government entities, recovery of costs from other entities, transfer of leave entitlements and artbank rental agreements.

Appropriations receivable

Existing programs	148,866	127,286
Total appropriations receivable	148,866	127,286

Other receivables

GST receivable from the Australian Taxation Office	4,155	3,539
Other	14	20

Total other receivables

	4,169	3,559
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Total trade and other receivables (gross)

	155,934	133,366
--	---------	---------

Less impairment loss allowance

Contract assets	(284)	(439)
-----------------	-------	-------

Total impairment loss allowance

	(284)	(439)
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Total trade and other receivables (net)

	155,650	132,927
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Credit terms for goods and services were within 30 days (2020: 30 days).

Accounting Policy

Financial assets

Trade receivables and other receivables are held for the purpose of collecting contractual cash flows, where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Impairment

All financial assets are assessed for impairment at the end of each reporting period based on expected credit losses. Impairment of trade receivables is assessed on lifetime credit losses. The loss is recognised in the Statement of Comprehensive Income.

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

3.2 Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2021

	Buildings \$'000	Artwork \$'000	Other Property, Plant & Equipment \$'000	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2020						
Gross book value	187,447	36,229	27,528	58,079	6,455	315,738
Accumulated depreciation, amortisation and impairment	(25,688)	(509)	(5,280)	(33,505)	(4,957)	(69,939)
Total as at 1 July 2020	161,759	35,720	22,248	24,574	1,498	245,799
Additions						
Purchase	792	483	2,323	-	-	3,598
Internally developed	-	-	-	17,606	-	17,606
Right-of-use assets	1,622	-	82	-	-	1,704
Reversal of previous Write-downs	-	-	-	-	-	-
Revaluation recognised in other comprehensive income	-	-	-	-	-	-
Revaluations and impairments recognised in other comprehensive income for right-of-use assets	-	-	-	-	-	-
Revaluations and impairments recognised in net cost of services	-	-	-	(515)	-	(515)
Impairments on right-of-use assets recognised in net cost of services	-	-	-	-	-	-
Depreciation and amortisation	(5,922)	(85)	(4,290)	(3,310)	(555)	(14,162)
Depreciation on right-of-use assets	(21,673)	-	(48)	-	-	(21,721)
Other movements	-	-	-	-	-	-
Reclassifications	-	30	(1,240)	1,084	126	-
Other	(1,014)	-	(214)	(154)	(13)	(1,395)
Other movements of right-of-use assets	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
From disposals of entities or operations (including restructuring)	-	(41)	(57)	-	-	(98)
Write-downs	-	-	-	-	-	-
Assets sold	-	-	-	-	-	-
Total as at 30 June 2021	135,564	36,107	18,804	39,285	1,056	230,816
Total as at 30 June 2021 represented by						
Gross book value	188,788	36,701	28,367	75,849	6,566	336,271
Accumulated depreciation, amortisation and impairment	(53,224)	(594)	(9,563)	(36,564)	(5,510)	(105,455)
Total as at 30 June 2021	135,564	36,107	18,804	39,285	1,056	230,816
Carrying amounts of right-of-use assets	112,208	-	81	-	-	112,289

The above table discloses property, plant and equipment not subject to operating leases.

The buildings, artwork and other property, plant and equipment asset classes are measured at fair value in accordance with AASB 13 Fair Value Measurement.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

No material disposal of assets occurred during the 2020-21 financial year.

Revaluations of non-financial assets

The department conducted revaluations in accordance with the revaluation policy stated below. No revaluations of non-financial assets were conducted during the 2020-21 financial year.

Impairment of non-financial assets

Impairment losses of \$0.52 million were recognised for software assets as at 30 June 2021 (2020: \$0.70 million). No impairment losses were recognised for other property, plant and equipment assets at 30 June 2021 (2020: Nil). Recognition of impairment adjustments is in accordance with the impairment policy stated below.

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the 'makegood' recognised.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are recognised as separate asset classes but disclosed in the same column as similar assets owned by the department.

An impairment review is undertaken for any ROU asset that shows indicators of impairment and an impairment loss has been recognised. The impairment of ROU assets includes instances where the department has entered into leases for office accommodation that are surplus to requirements at the reporting date. ROU assets continue to be measured at cost after initial recognition by the department.

Revaluations

Following initial recognition at cost, property, plant and equipment assets (excluding ROU assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount does not differ materially from the asset's fair values as at the reporting date. The regularity of valuations depends on the volatility of movements in market values for the relevant assets. Revaluations are conducted at least once every three years.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus except to the extent it reverses a previous revaluation decrement of the same asset class previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent they reverse a previous revaluation increment for the class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Artwork

Artworks managed by Artbank are considered heritage and cultural items of national, historical or cultural significance. Artbank maintains separate curatorial and preservation policies for heritage and cultural assets: (<http://artbank.gov.au/legal/#preservation-policy>). The department holds other artwork that is not material to the asset class.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual value over their estimated useful life 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.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2021	2020
Buildings - Leasehold improvements	Shorter of lease term or expected useful economic life	Shorter of lease term or expected useful economic life
Plant and equipment	1 to 100 years	1 to 100 years
Artwork	1 to 480 years	1 to 480 years

Impairment

All assets were assessed for impairment at 30 June 2021, except for assets reported at fair value where the assets were assessed for impairment since the last valuation. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its current replacement cost.

Impairments are recorded as an expense unless assets are carried at a revalued amount. The impairment loss on a revalued asset is recorded as a revaluation decrement and recorded against the asset revaluation surplus up to the value of the reserve with any excess impairment loss recorded in the net cost of services as a loss.

The department considered potential implications of the COVID-19 to assess impairment of non-financial assets as at 30 June 2021 in accordance with AASB 136. No significant policy changes have been made affecting the value of departmental assets due to COVID-19. No impairment adjustments of non-financial assets occurred due to COVID-19 where assets had not been revalued.

Derecognition

An item of property, plant and equipment is derecognised upon disposal when no further future economic benefits are expected from its use or on disposal.

Intangibles

The department's intangibles comprise internally developed software over \$50,000 and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software varies from 1 to 9 years (2020: 1 to 9 years).

All software assets were assessed for indications of impairment as at 30 June 2021.

Accounting Judgements and Estimates

Buildings

The fair value of buildings has been taken to be the current replacement cost of leasehold improvements in office leases and the related makegood requirements as determined by an independent qualified valuer as at 30 June 2020 using a desktop valuation, adjusted for subsequent depreciation, acquisitions and disposals. The valuer subsequently confirmed there were no material differences between the carrying value and fair value at 30 June 2021.

Property, plant and equipment

The fair value of property, plant and equipment has been taken to be the market value or current replacement cost as determined by an independent qualified valuer as at 30 June 2020 using a desktop valuation, adjusted for subsequent depreciation, acquisitions and disposals. The valuer subsequently confirmed there were no material differences between the carrying value and fair value at 30 June 2021.

Artwork assets

The fair value of artwork has been taken to be the market value or current replacement cost as determined by an independent qualified valuer as at 30 June 2020 using a desktop valuation, adjusted for subsequent depreciation, acquisitions and disposals. The valuer subsequently confirmed there were no material differences between the carrying value and fair value at 30 June 2021.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2021

Capital Commitments	Within 1 year	Between 1 to 5 years
	\$'000	\$'000
3.2B: Capital Commitments Acquisition		
Property, plant and equipment	8,093	79
Computer software internally developed	12,895	-
Total capital commitments	20,988	79

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2020

Capital Commitments	Within 1 year	Between 1 to 5 years
	\$'000	\$'000
Buildings	159	-
Property, plant and equipment	965	1,571
Computer software internally developed	6,999	3,931
Total capital commitments	8,123	5,502

The above commitment amounts are GST exclusive.

	2021	2020
	\$'000	\$'000
3.2C: Other non-financial assets		
Prepayments	3,714	4,798
Operating lease rentals - sublease	799	1,017
Lease incentive - sublease	453	523
Total other non-financial assets	4,966	6,338

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

3.3 Payables

	2021	2020
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors	2,534	4,799
Accrued expenses	28,569	27,455
Total suppliers	31,103	32,254

Settlement is usually made within 20 days (2020: 20 days).

3.3B: Other payables

Unearned revenue	3,137	1,557
Wages and salaries	3,831	3,321
Superannuation	577	432
Separations and redundancies	1,993	1,011
Other	336	360
Total other payables	9,874	6,681

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

3.4 Interest Bearing Liabilities

	2021	2020
	\$'000	\$'000
3.4A: Leases		
Lease liabilities ¹	115,114	133,548
Total finance leases	115,114	133,548

Total cash outflow for leases for the year ended 30 June 2021 is \$22.4 million (2020: \$22.3 million).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	20,956	19,739
Between 1 to 5 years	84,282	58,901
More than 5 years	13,440	56,652
Total leases	118,678	135,292

¹ The department, in its capacity as lessee, has leasing arrangements for the office accommodation in Canberra, States and Territories and internationally and motor vehicles.

The above lease disclosures should be read in conjunction with the accompanying Notes 1.1B, 1.1D, 1.1F, 1.2B, 1.2D and 3.2A.

Accounting Policy

For all new contracts entered into, the department considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if the rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset or profit and loss depending on the nature of the reassessment or modification.

3.5 Other Provisions

	Provision for restoration	Other Provisions	Total
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020	710	250	960
Additional provisions made	-	-	-
Revalued	-	-	-
Amounts used	-	-	-
Restructuring	-	-	-
Reversal and other movements	-	(250)	(250)
Unwinding of discount or change in discount rate	3	-	3
Total as at 30 June 2021	713	-	713

The department has four agreements at 30 June 2021 (2020: four) for the lease of office premises which have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease. The department has made a provision to reflect the present value of these obligations.

Makegood provisions were revalued in conjunction with the valuation of the associated leasehold improvement asset and adjusted to the asset revaluation surplus in accordance with AASB Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on Behalf of Government

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

4.1 Administered – Financial Assets

	2021	2020
	\$'000	\$'000
4.1A: Cash and cash equivalents		
Cash on hand or on deposit	4	13
Cash in special accounts	41,785	27,140
Other	200	-
Total cash and cash equivalents	41,989	27,153

The closing balance of Cash in special accounts does not include amounts held in trust \$0.5 million (2020: Nil). See Note 5.2 Special Accounts and 8.2 Assets Held in Trust for more information.

4.1B: Trade and other receivables

Advances and loans

NBN Co Limited	13,200,000	19,458,079
Commercial entities	1,975,101	1,880,123
State and Territory Governments	165,634	168,347
Total advances and loans	15,340,735	21,506,549

Other receivables

Contract asset receivable	4,131	4,652
GST receivable from Australian Taxation Office	68,018	46,878
Grants receivable	-	47
Other revenue	9	-

Total other receivables	72,158	51,577
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Total trade and other receivables (gross)	15,412,893	21,558,126
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Less impairment allowance

Loans to corporate Commonwealth entities	(1,001)	(1,551)
Grants receivable	-	(8)
Other loans	(225)	(237)
Other receivables	(1,261)	(2,866)

Total impairment allowance	(2,487)	(4,662)
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Total trade and other receivables (net)	15,410,406	21,553,464
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Credit terms for goods and services were within 30 days (2020: 30 days). Refer Note 4.3A for information relating to contract liabilities.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.1C: Reconciliation of the impairment allowance

Movements in relation to 2021

	Loans to corporate Commonwealth entities	Grants receivable	Advances and loans	Other receivables	Total
	2021	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020	1,551	8	237	2,866	4,662
Amounts written off	-	(8)	-	(89)	(97)
Increase/(Decrease) recognised in net cost of service	(550)	-	(12)	(1,516)	(2,078)
Total as at 30 June 2021	1,001	-	225	1,261	2,487

Movements in relation to 2020

	Loans to corporate Commonwealth entities	Grants receivable	Advances and loans	Other receivables	Total
	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019	1,600	264	-	1,569	3,433
Amounts written off	-	(256)	-	-	(256)
Increase/(Decrease) recognised in net cost of service	(49)	-	237	1,297	1,485
Total as at 30 June 2020	1,551	8	237	2,866	4,662

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

	2021	2020
	\$'000	\$'000
4.1D: Investments		
Investments accounted for using the net assets method		
Australian Government authorities		
Australia Council	16,630	16,287
Australian Broadcasting Corporation	1,055,626	1,053,295
Australian Film, Television and Radio School	12,148	12,373
Australian Maritime Safety Authority	203,699	184,512
Australian National Maritime Museum	268,801	264,089
Civil Aviation Safety Authority	70,973	53,171
Infrastructure Australia	2,978	2,905
National Film and Sound Archive of Australia	372,751	363,246
National Gallery of Australia	6,652,818	6,651,648
National Library of Australia	1,512,496	1,686,965
National Museum of Australia	466,471	466,112
National Portrait Gallery of Australia	144,492	145,091
National Transport Commission	938	839
Screen Australia	14,250	14,116
Special Broadcasting Service Corporation	235,029	225,652
Total Australian Government authorities	11,030,100	11,140,301
Australian Government companies		
Bundanon Trust	89,678	62,920
Creative Partnerships Australia	4,523	3,511
Moorebank Intermodal Company Limited	321,406	323,593
WSA Co Limited	999,248	628,755
Total Australian Government companies	1,414,855	1,018,779
Australian Government controlled entities		
Norfolk Island Health and Residential Aged Care Service	4,588	2,777
Total Investments accounted for using the net assets method	12,449,543	12,161,857
Investments accounted for using the discounted cash flow method		
Australia Government authorities		
Airservices Australia	246,700	348,300
Australian Government companies		
Australian Postal Corporation	2,300,000	2,593,000
Australian Rail Track Corporation Limited	2,728,400	2,919,700
NBN Co Limited	18,000,000	13,768,000
Total Investments accounted for using the discounted cash flow method	23,275,100	19,629,000
Total Investments	35,724,643	31,790,857

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

	2021	2020
	\$'000	\$'000
4.1E: Other financial assets		
Biodiversity offset credits		
Biodiversity offset credits	75,641	71,710
Total biodiversity offset credits	75,641	71,710
Accrued revenue		
Contract assets	3,575	2,922
Total accrued revenue	3,575	2,922
Total other financial assets	79,216	74,632

Accounting Policy

Loans and Receivables

Credit terms for goods and services were within 30 days (2020: 30 days).

Loans have been provided to States, Territories, Commercial Entities and Government Business Enterprises. The loans are made for a period ranging from 8 to 118 years. No security is generally required. Interest rates are fixed on most loans. Interest payment arrangements vary in each loan agreement, with some agreements allowing for capitalisation of interest for specified periods.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised in the Administered Schedule of Comprehensive Income.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Australian Government level.

Administered investments, other than those held for sale, are classified as fair value through other comprehensive income (FVOCI) and are measured at their fair value as at 30 June 2021. Fair value has been determined using the Australian Government's proportional interest in the net assets of the entities at the end of the reporting period or a discounted cash flow valuation.

The Australian Government has a 100 per cent interest in the following entities, except the National Transport Commission (35 percent). The principal activities of entities are:

1. Airservices Australia: Provides safe, secure, efficient and environmentally responsible air navigation and aviation rescue and firefighting services to the aviation industry.
2. Australia Council: The Australian Government's arts funding and advisory body. The Council is the national advocate for the arts and its purpose is to champion and invest in the Australian arts.
3. Australian Broadcasting Corporation (ABC): National broadcaster contributing to and reflecting Australia's national identity, fostering creativity and the arts and encouraging cultural diversity.
4. Australian Film, Television and Radio School (AFTRS): The national institution for education, training and research for the screen and broadcast industries. AFTRS helps to build a strong local industry, empowering storytelling talent to create great Australian content and engage local and international audiences.
5. Australian Maritime Safety Authority: Provides maritime safety and other services to the Australian maritime industry, aviation and maritime search and rescue and marine environment protection services.
6. Australian National Maritime Museum: Leads the promotion and conservation of Australia's maritime heritage and culture.
7. Australian Postal Corporation (Australia Post): Australia's leading logistics, postal and integrated services business that provides accessible and reliable postal services, at a uniform price, for all Australians.
8. Australian Rail Track Corporation Ltd (ARTC): Operates and manages standard gauge rail track across Australia and responsible for the construction of the Inland Rail project. The Australian Government has entered into agreements with ARTC to provide equity financing of up to \$14.5 billion to support the delivery of Inland Rail and \$252.0 million for the Adelaide to Tarcoola rail project. A total of \$747.2 million in equity payments have been made under these agreements in 2020-21 (\$425.7 million in 2019-20).
9. Bundanon Trust: Owns and manages the properties and art collection donated by Arthur and Yvonne Boyd as a gift to the nation.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

10. Civil Aviation Safety Authority (CASA): Regulates the safety of civil air operations in Australia and Australian registered aircraft operating outside Australian territory.
11. Creative Partnerships Australia: Business name of the Australia Business Arts Foundation which promotes investments in the arts.
12. Infrastructure Australia: Advises governments, investors and infrastructure owners on a wide range of issues including Australia's current and future infrastructure needs in terms of projects, policy and regulation; and their impact on investment and the efficient delivery, operation and use of national infrastructure.
13. Moorebank Intermodal Company Ltd (MICL): Facilitates the development of an intermodal freight terminal in Moorebank NSW. The Australian Government has entered into an agreement with MICL to provide equity funding for the terminal development. A total of \$466.2 million has been provided under the agreement to 30 June 2021 including \$13.9 million in 2020-21 (\$71.6 million in 2019-20).
14. National Film and Sound Archive: Collects and preserves Australian film, recorded sound, broadcast and new media.
15. National Gallery of Australia: Develops and maintains a national collection of works of art.
16. National Library of Australia: Maintains and develops a national collection of library material, including a comprehensive collection of library material relating to Australia and the Australian people.
17. National Museum of Australia: Develops and maintains a national historical collection for the benefit of the nation.
18. National Portrait Gallery of Australia: Develops and maintains a national collection of portraits.
19. National Transport Commission (NTC): Advises the Transport and Infrastructure Council on uniform regulatory and operational policies and model legislation for road, rail and intermodal transport. NTC is jointly funded by the Australian and State and Territory Governments.
20. NBN Co Limited: Responsible for the construction and operation of the National Broadband Network. The Australian Government provided \$29.5 billion in equity to NBN Co Ltd and a loan facility of up to \$19.5 billion.
21. Norfolk Island Health and Residential Aged Care Service (NIHRACS): A body corporate established under the *Norfolk Island Health and Residential Aged Care Service Act 1986* that provides health and residential aged care services to the Norfolk Island community. NIHRACS is not subject to the PGPA Act but is considered to be controlled by the Australian Government for financial reporting purposes. NIHRACS receives the majority of its funding through a Service Delivery Agreement with the Australian Government.
22. Old Parliament House: The Museum of Australian Democracy at Old Parliament House is a living museum of social and political history, located in a nationally listed heritage building in Parkes, Canberra. Old Parliament House transferred to the Prime Minister and Cabinet Portfolio as a result of amendments to the Administrative Arrangements Order on 1 September 2019.
23. Screen Australia: Supports bold, enduring and culturally significant Australian storytelling that resonates with local audiences and succeeds in a global marketplace, created by a skilled and entrepreneurial screen industry.
24. Special Broadcasting Service Corporation: Provides multicultural and multilingual television, radio and digital media services that inform, educate and entertain all Australians.
25. WSA Co Limited – responsible for the construction and operation of the Western Sydney Airport at Badgerys Creek NSW. The Australian Government entered into an agreement with WSA Co Ltd to provide equity funding of up to \$5.3 billion over ten years. A total of \$1.7 billion in equity payments have been made up to 30 June 2021 including \$645.0 million in 2020-21 (\$505.1 million in 2019-20).

Other financial assets

The department holds biodiversity offset credits (credits) on behalf of the Australian Government to offset the environmental impact of development at the Western Sydney Airport. Credits are registered with the NSW Office of Environment and Heritage (OEH) under the *Biodiversity Conservation Act 2016* (NSW) for specific ecosystems and species.

Credits are tradeable at market prices until retired by the OEH to offset the environmental impact of development, based on the ecosystems and species affected. The number and type of credits retired to offset the impact of development is determined by an accredited assessor. The department recognises credits as a financial asset at fair value on the basis it holds credits for the purpose of meeting environmental offset obligations with a secondary objective of trading or voluntarily retiring surplus credits. The department also recognises a corresponding provision for the obligation to use credits to offset the impact of development in accordance with the relevant environment management plans (Note 4.4A).

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

Accounting Judgements and Estimates

Loans and Receivables

Loans are initially recognised at their fair value. If the rate of interest charged is lower than the counterparty's borrowing rate and/or the loan agreement includes terms that are more favourable than those available in the market, the difference between the amount advanced and the fair value of the loan is treated as an expense. The expense is recognised at the inception of the loan agreement and a provision is recognised for the concessional cost of loan advances that have been committed, but not paid, at the reporting date.

WestConnex Stage 2 concessional loan

Advances and loans to commercial entities comprise a concessional loan facility provided to a subsidiary of the Sydney Motorway Corporation for construction of Stage 2 of the WestConnex Motorway in Sydney. The loan facility comprised multiple advances totalling \$2 billion between 22 July 2016 and 2 January 2020.

As the loan facility is the first to be made by the Australian Government for a major road project, no comparable products were identified in the market and the prevailing market interest rate was determined based on external valuation advice.

The loan facility includes mandatory repayment of principal and/or interest in certain circumstances from the 2020-21 financial year. An impairment allowance of \$0.2 million for these repayments has been made at 30 June 2021.

NBN Co Limited Loan

The Australian Government provided a loan facility of up to \$19.5 billion to NBN Co Limited (NBN Co) in December 2016. The loan was provided on commercial terms with drawings available on a monthly basis. The loan must be repaid in full by 30 June 2024. The loan has a fixed interest rate with interest payable monthly over the life of the facility. Interest on the loan will be capitalised when the limit of the loan facility is reached. The loan facility limit was reached in July 2020. Subsequent repayments of principal and interest were made by NBN Co, reducing the loan to \$13.2 billion at 30 June 2021.

Other loans

The Australian Government has also provided loans to the Northern Territory Government and the University of the Sunshine Coast on concessional terms.

Administered Investments

In the absence of an observable market value for administered investments, the department is required to use an appropriate valuation technique to determine their fair value. The use of discounted cash flows is the preferred valuation method for those entities that generate significant non-government cash inflows if the cash flows can be reliably predicted.

A review of administered investments is performed on an annual basis to ensure the appropriate valuation method is used. Apart from the following listed entities, fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of reporting period.

Airservices Australia (Airservices): Airservices generates significant non-government cash inflows from the aviation industry, and historically its cash flows have demonstrated to be reliably predicted. Given the significant economic impact of COVID-19 on the aviation industry, and particularly traffic volumes, Airservices has received additional funding support from the Australian Government to ensure air navigation, aviation rescue and firefighting services continue to be provided as the industry recovers.

The department engaged an independent valuation expert to provide advice on the valuation of the business as at 30 June 2021. The discounted cash flow valuation incorporates cash flow forecasts underpinning the Airservices 2021-22 Corporate Plan. These cash flows are then extrapolated by the independent valuation expert to 30 June 2036 and an estimated terminal value was assumed beyond 30 June 2036. The cash flows are discounted using a Weighted Average Cost of Capital (WACC) of 7.5 percent (2020: 7.8 percent), determined with reference to entities that operate in similar industries. The terminal value is escalated by the terminal growth rate of 2.0 percent based on aggregate forecast long-term earnings.

Airservices has been impacted by COVID-19 with the aviation sector being disproportionately affected. The cash flow forecasts are estimated with reference to probability weighted projections of aeronautical revenue, cost reduction initiatives and the resulting long-term Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) margins. The revenue and terminal growth rate are dependent on the increase of revenues achieved through growth of aeronautical movements and are therefore subject to a high level of uncertainty due to the restrictions in place as a result of COVID-19. The fair value is considered reasonable in the context of comparison to EBITDA multiples with similar airline and airport businesses.

Airservices received significant federal government assistance in 2020-21. The most recent government funding package of \$550.0 million was received in June 2021. No additional government support is assumed in the valuation as at 30 June 2021.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

A sensitivity analysis was also performed by an independent valuation expert over the key assumptions used in the valuation. The sensitivity analysis is outlined in the below table:

Assumption	Selection	Sensitivity	Value (\$ million)	
			Low	High
WACC	7.50%	+/- 0.25%	156.8	345.7
Terminal value growth rate	2.00%	+/- 0.50%	150.4	362.2

Australian Postal Corporation (Australia Post): Australia Post generates significant non-government cash flows and its cash flows have been demonstrated to be reliably predicted. The fair value for Australia Post at 30 June 2021 has been determined based on a discounted cash flow method prepared by the entity. The department engaged an independent expert to provide advice on the valuation model and underpinning assumptions.

The discounted cash flow valuation incorporates cash flow forecasts underpinning Australia Post's 2022-25 Corporate Plan, extrapolated to 30 June 2027 and an estimated terminal value beyond 30 June 2027. The cash flows are discounted using a WACC of 7.50 percent (2020: 7.75 percent), determined with reference to entities that operate in similar industries. The terminal value is escalated by the terminal growth rate based on aggregate forecast long-term earnings.

Australia Post has been impacted by COVID-19 with unprecedented levels of parcel deliveries partially offset by a decline in mail volumes. The cash flow forecasts were estimated with reference to probability weighted projections of e-commerce trends and potential competition by major e-commerce operators. The revenue and terminal growth rate is dependent on an increase in revenue achieved through growth of e-commerce, capital investment to support this growth together with business efficiencies. As such, the forecasts are subject to a high level of uncertainty.

The fair value was considered reasonable in the context of comparison to EBITDA multiples with international mail and parcel entities. Although the Australia Post EBITDA multiple was lower than most comparable entities, this was considered reasonable in the context of forecast capital investment, Australia's lower population and geographic dispersal.

A sensitivity analysis was performed by an independent expert over the key assumptions used in the valuation. The sensitivity analysis is outlined in the below table:

Assumption	Selection	Sensitivity	Value (\$ billion)	
			Low	High
WACC	7.50%	+/- 0.50%	1.9	2.8
Terminal value growth rate	2.58%	+/- 0.20%	2.0	2.6

Australian Rail Track Corporation Limited (ARTC): ARTC generates significant non-government cash flows. Due to the nature of its operations and assets, there are no readily comparable market examples for fair value determination purposes. The department has estimated the fair value using a discounted cash flow method with reference to ARTC's valuation of its interstate and Hunter Valley rail network assets, modified where necessary for cash flows associated with its other asset and liability categories. As ARTC's rail network assets represent a substantial portion of its total assets, and are valued based on independent expert advice using discounted cash flows and the ARTC weighted average cost of capital, the method provides a reasonable basis for determination of fair value.

ARTC measures assets arising from construction of the Inland Rail project at cost, with subsequent impairment using multiple valuation methods, including market assessments and discounted cash flow calculations. At 30 June 2021, the future capital cost and incremental benefits associated with the Inland Rail project has been ring fenced from the fair value assessment of ARTC's interstate network assets, and have been impaired to zero value, or close to zero value. These assets will be integrated into the valuation of ARTC's interstate network assets once the project is substantially complete. The department and ARTC consider that a hypothetical purchaser would take into account the impairment of these assets as part of their price for the interstate rail network.

A sensitivity analysis was performed by an independent expert over the key assumptions used in the valuation. The sensitivity analysis is outlined in the below table:

Assumption	Selection	Sensitivity	Value (\$ billions)	
			Low	High
Discount rate	5.8% to 6.8%	-19.5% / +30%	2.1	3.6
Terminal value growth rate	-3.0% to 2.0%	-8.3% / +12.5%	2.5	3.1

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NBN Co Limited (NBN Co): The department has estimated the fair value of the investment in NBN Co using the discounted cash flow valuation method, with modelling input prepared by NBN Co and assistance from external experts. The department engaged an independent expert to provide advice on the valuation model and underpinning assumptions.

The discounted cash flow valuation incorporates cash flow forecasts underpinning NBN Co's Integrated Operating Plan 2022-25 (IOP22), extrapolated to 2040. From 2026 to 2030, the cash flow forecasts are based on detailed assumptions prepared by each business unit within NBN Co. Beyond 2030, the cash flow forecasts are based on high level assumptions prepared by NBN Co's management, which take into account the best available expectations regarding business structure and market conditions. The cash flow forecasts were adjusted, where appropriate, for assumptions relating to financing and other decisions that would be adopted by a hypothetical market participant acquirer and included calculation of a terminal value. The forecast cash flows available to equity holders were discounted using an assumed rate of return on equity of 10.0 percent (2020: 10.49 percent).

The assumptions used in the valuation are based on circumstances that a hypothetical market participant acquirer would consider in an acquisition of the equity in NBN Co as at 30 June 2021 in an arm's length transaction. These assumptions do not in any way reflect the structure, terms and conditions that could be required by the Australian Government in the event of an actual sale of NBN Co in the future. No decisions have been made by the government to sell all or part of the NBN. Any sale of NBN Co is prohibited by legislation until the mandatory pre-sale steps in the *National Broadband Network Companies Act 2011* have been completed in full.

The discounted cash flow valuation indicates a range between \$18.0 billion and \$20.0 billion. The department adopted a fair value estimate at the lower end of this range i.e. \$18.0 billion. This value was selected after considering the sensitivity of the valuation to changes in key assumptions, in particular the assumed financing structure (discussed in detail below). Expert advice indicated the fair value was supported by comparing to EBITDA multiples with entities operating in similar industries.

The fair value selected by the department does not ascribe any value to carry forward tax losses or franking credits. These assumptions do not seek to pre-empt the Australian Government's approach to a future sale of NBN Co.

Key financing assumptions

The valuation model assumes NBN Co does not have access to government debt, and that the company is required to raise debt financing on a standalone basis without the government support. This means that the model assumes the government debt is replaced with private debt (at arm's length terms) on day 1, and that future debt capital is raised at terms that a hypothetical market participant acquirer could be expected to assume.

The department has selected the low end of the discounted cash flow valuation range after considering the risk in achieving some of these financing assumptions. Specifically, the valuation model assumes that debt continues to be drawn up to 2040 based on an assumed target debt to EBITDA ratio, then into perpetuity assuming a specified drawdown amount. Reducing the assumed target ratio (in both the medium and long term) reduces the equity value. On balance, the financing assumptions underpinning the fair value are considered to be in line with the assumptions that a hypothetical market participant acquirer would make if valuing the equity in NBN Co.

Considering the materiality of the impact of financing assumptions on the overall valuation, the department has sensitised the impact of changes in the key gearing assumptions on the value of NBN Co. These sensitivities are disclosed in the table below.

Tax losses and franking credits

The department has not included any value attributable to carried forward tax losses and future franking credits. This approach is consistent with the prior year, but is considered to be relatively conservative.

The department considers there is a technical basis, and market precedent, for including value for either (or both of) carried forward tax losses and future franking credits however, there is significant judgment involved in ascribing this value. This includes considering the extent to which a market participant acquirer could benefit from carried forward tax losses and future franking credits and their potential value. The potential value of the historical tax losses, for example, could be limited by the specific structure of any future transaction involving equity in NBN Co, which is not known.

In the event that some or all of the equity of the company is transacted, there may be limitations on the ability of the new owner(s) to utilise any carried forward losses. Specifically, any carried forward tax losses may only be deducted from assessable income in future income years if the company passes certain tests set out in the relevant tax law. These include the continuity of ownership test (COT) and the similar business test (SBT). Since the valuation effectively considers a transaction involving all of the equity in NBN Co, it is reasonable to assume that COT will be failed, and therefore that the acquirer would need to rely on SBT. It is not unreasonable to assume that this test will be passed, given that an acquirer could reasonably be expected to

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

continue to carry on the business on NBN Co. Whilst it is not unreasonable to assume that a hypothetical market participant acquirer would potentially benefit from these tax-related items and be willing to pay for them, the level of value ascribed will depend on the acquirer and the timeframe for which the tax losses will be utilised. The department has not included these elements in the value due to the subjective nature and judgement involved. This assumption will be reconsidered in future periods.

A sensitivity analysis was performed by an independent expert over the key assumptions used in the valuation. The sensitivity analysis is outlined in the below table:

Assumptions	Selection	Sensitivity	Value (\$ billion)	
			Low	High
Discount rate	10.00%	+/- 0.5%	16.5	19.7
Forecast total revenue	Per Valuation Model	+/- 5% in each year	14.7	21.1
Forecast operating expenses	Per Valuation Model	+/- 10% in each year	16.5	19.4
Forecast capital expenditure	Per Valuation Model	+/- 10% in each year	15.9	20.0
Debt interest	Per Valuation Model	+/- 50 bps	16.7	19.2
Terminal growth rate	2.50%	+/- 0.5%	17.6	18.5
Target debt to EBITDA ratio of 6.0x - 7.0x	7.0x	- 1.0x	16.1	18.0
Debt drawdown \$0.5 billion - \$1.0 billion	\$1.0 billion	- \$0.5 billion	16.9	18.0

Moorebank Intermodal Company Limited and WSA Co Limited have not generated significant non-government cash flows to date and have been reliant on equity funding from the Australian Government. The department has determined the net assets method remains the most appropriate estimate of fair value for these entities at 30 June 2021. WSA Co has measured the lease of Commonwealth-owned land at the airport site at nil value. The net asset position has been adjusted to incorporate the fair value of land subject to the airport lease of \$460 million (2020: \$425 million) as determined by an independent valuer at 30 June 2021. All other investments do not generate significant non-government cash flows. The department uses the net assets method of valuation for these entities. Confirmation of net assets at 30 June 2021 are obtained from relevant entities to support the reported figures.

Biodiversity offset credits (credits): The fair value of credits is determined with reference to the purchase price of credits for equivalent ecosystems or species using the Spot Price Index available on the Office of Environment and Heritage (OEH) website at <https://www.environment.nsw.gov.au/topics/animals-and-plants/biodiversity-offsets-scheme/offset-obligations-and-credit-trading/offsets-payment-calculator>.

The daily spot market prices reflect the price at which biodiversity offset credits can be traded between active market participants. Any differences between the carrying value and fair value at 30 June 2021 is reflected in the Administered Schedule of Comprehensive Income. Where spot prices were not available for specific credits, the fair value was determined based on the price that equivalent credits could be purchased from OEH.

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

4.2 Administered – Non-Financial Assets

4.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2020

	Land \$'000	Buildings \$'000	Artwork \$'000	Heritage and cultural \$'000	Property, plant & equipment \$'000	Computer software purchased \$'000	Phosphate mine leases \$'000	Total \$'000
As at 1 July 2020								
Gross book value	83,990	165,719	35,596	141,555	524,618	70	6,999	958,547
Accumulated depreciation, amortisation and impairment	-	(18,630)	-	(2,433)	(52,343)	(38)	(1)	(73,445)
Total as at 1 July 2020	83,990	147,089	35,596	139,122	472,275	32	6,998	885,102
Additions								
Purchase	-	3,591	-	1,611	20,682	500	-	26,384
Revaluations and impairments recognised in other comprehensive income	248,155	(28)	-	-	(1,994)	-	-	246,133
Assets held for sale	(265,390)	-	-	-	-	-	-	(265,390)
Depreciation and amortisation	-	(10,944)	-	(2,462)	(42,156)	(124)	(1,167)	(56,853)
Reclassifications	1	64	-	2	(594)	525	2	-
Disposals	-	-	-	-	-	-	-	-
Write-downs - Other	-	-	-	-	(308)	-	-	(308)
Assets sold	-	-	-	-	(54)	-	-	(54)
Total as at 30 June 2021	66,756	139,772	35,596	138,273	447,851	933	5,833	835,014
Total as at 30 June 2021 represented by								
Gross book value	66,756	169,341	35,596	143,166	541,760	1,094	7,000	964,713
Accumulated depreciation, amortisation and impairment	-	(29,569)	-	(4,893)	(93,909)	(161)	(1,167)	(129,699)
Total as at 30 June 2021	66,756	139,772	35,596	138,273	447,851	933	5,833	835,014

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND

Land, buildings and other property, plant and equipment that meet the definition of a heritage and cultural item are disclosed in the heritage and cultural asset class.

Assets held for sale

Land held at Bringelly in Western Sydney NSW is expected to be sold to the NSW Government in 2021-22 to facilitate development of the Western Sydney Aerotropolis under the Western Sydney City Deal. The carrying value of \$265.4 million for the land at 30 June 2021, reflects its fair value, based on valuations prepared by independent qualified experts. The fair value reflects the highest and best use of land for mixed commercial and residential purposes.

Revaluations of non-financial assets

The department conducts revaluations for all administered asset classes every three years. No revaluations of non-financial assets were conducted, except for the land at Bringelly, Western Sydney NSW during the 2020-21 financial year.

Impairment of non-financial assets

An impairment loss of \$2.2 million was recognised for property, plant and equipment and buildings for impairment events that occurred since the last valuation (2020: \$1.2 million). There were no other impairment losses recognised for other asset classes (2020: Nil).

Recognition of impairment adjustments is in accordance with the impairment policy stated below.

Contractual commitments for the acquisition of property, plant, equipment assets for 2021

	Within 1 year	Between 1 to 5 years
	\$'000	\$'000
Buildings	545	-
Property plant and equipment	7,341	648
Total capital commitments	7,886	648

Contractual commitments for the acquisition of property, plant, equipment assets for 2020

	Within 1 year	Between 1 to 5 years
	\$'000	\$'000
Buildings	55	-
Property plant and equipment	5,485	9,278
Total capital commitments	5,540	9,278

The above commitment amounts are GST exclusive.

Accounting Policy**Administered artworks and other heritage and cultural assets**

The administered artworks asset class comprises paintings and other artworks by Sir Sidney Nolan (Nolan collection) with an aggregated value of \$35.6 million (2020: \$35.5 million), along with artworks held on Norfolk Island. The Nolan collection is maintained by the Canberra Museum and Gallery (CMAG), an ACT Government entity, on behalf of the Commonwealth. Curatorial and preservation arrangements are managed in accordance with a Memorandum of Understanding between CMAG and the department. The collection is deemed to have an indefinite useful life.

The Heritage and cultural assets class comprises assets held and/or used primarily for purposes relating to their historical or cultural significance. They include:

- buildings, ruins, reserves and collections on Norfolk Island of historical significance with an aggregated value of \$74.2 million (2020: \$74.2 million). The conservation and preservation of these assets are managed in accordance with the *Kingston and Arthur's Vale Historic Area Heritage Management Plan 2016*
- memorials, reserves and temples on Christmas Island with an aggregated value of \$1.4 million (2020: \$1.4 million), and
- historic aircrafts with an aggregated value of \$8.8 million (2020: \$8.8 million) on display at Brisbane Airport, Adelaide Airport and the Queen Victoria Museum and Gallery in Launceston, Tasmania. The conservation and preservation of each aircraft is managed through an agreement with the relevant entity.

The National Institute of Dramatic Arts (NIDA) building is recognised as a heritage and cultural asset due to its cultural significance. The building is located on land leased from the University of New South Wales. The building

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

is sub-let to NIDA for nominal consideration but is classified as an operating lease from the perspective of the department, as the lessor, as the department funds maintenance and capital upgrades to the building.

All assets in the class, except the NIDA building, are deemed to have indefinite useful lives due to the curatorial and preservation policies and arrangements in place. The policies are developed and monitored by qualified personnel and include the following:

- a) a clearly stated objective about the holding and preservation of items
- b) a well-developed plan to achieve the objective, including demonstration of how the policy will be implemented based on advice by appropriately qualified experts
- c) monitoring procedures, and
- d) periodic reviews.

Administered Intangibles

Administered intangibles include purchased software and phosphate mining lease rights on Christmas Island. The useful lives of administered intangibles are 1 to 14 years or the lease term.

Software assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Phosphate mining lease rights are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Accounting Judgements and Estimates

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount does not differ materially from the asset's fair values as at the reporting date. The regularity of valuations depends upon the volatility of movements in market values for the relevant assets. Each asset class carried at fair value is revalued at least every three years.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly as a surplus/deficit except to the extent they reverse a previous revaluation increment for that class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Impairment

The department has considered potential implications of COVID-19 on the impairment of its administered non-financial assets as at 30 June 2021 in accordance with AASB 136. The majority of administered assets are used to provide essential services in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island or are held for their heritage and cultural significance. No impairment adjustments of non-financial assets occurred as a direct consequence of COVID-19.

Land

The fair value of land administered on behalf of the Australian Government has been taken to be the market value of similar assets as determined by an independent qualified valuer at 31 March 2019. The fair value of individual land parcels is considered representative of their highest and best use and the fundamental assumption that they could be sold on a freehold basis.

An independent qualified valuer provided advice to indicate there was not a material difference between the carrying amounts and fair value at 30 June 2021.

Buildings and other property, plant and equipment

The fair value of buildings and other property, plant and equipment assets has been taken to be either the market value or current replacement cost of similar assets as determined by an independent qualified valuer, adjusted for subsequent depreciation, acquisitions and disposals.

Other property, plant and equipment includes infrastructure used to provide essential services in territories and Regional Backbone Blackspot Program (RBBP) network infrastructure assets. The fair value of RBBP assets is taken to be the current replacement cost for each identified component of the assets. Components include fibre optic cable, Controlled Environment Vault Shelters and Backbone Point of Interconnect cabinets.

The fair value of buildings and other property, plant and equipment was last determined by independent qualified valuer at 30 June 2019 for RBBP assets and 31 March 2019 for other assets.

An independent qualified valuer provided advice to indicate there was not a material difference between the carrying amounts and fair value at 30 June 2021.

Artworks, museum collections and other heritage and cultural assets

The fair value of artworks and other collections administered on behalf of the Australian Government have been taken to be the market value of similar assets as determined by an independent qualified valuer at 31 March 2019 or the current replacement cost (NIDA building). High value items are valued on an individual basis. The fair value of museum collections comprising a large number of similar artefacts were valued based on a stratified multi-stage

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

sampling basis. An independent qualified valuer provided advice to indicate there was not a material difference between the carrying amounts and fair value at 30 June 2021.

Intangible assets

The fair value of phosphate mining lease rights was determined by an independent qualified valuer as at 30 June 2020, measured as the present value of expected royalties on the estimated phosphate reserves remaining. The valuer provided advice to confirm there was no material difference in the fair value as at 30 June 2021.

Land and structures at Australian Government owned airports and the Moorebank Logistics Park

The land and structures at 21 civilian airports owned by the Australian Government and leased to private sector interests are subject to lease arrangements with an initial lease term of 50 years and a 49 year extension option exercisable by the lessees. Consideration consisted of upfront payments by the lessees, without any subsequent lease payments being payable, including in the event of the exercise of the lease extension option. These leases have been assessed as having no reportable fair value because of the extended period before any future revenue stream will accrue.

Land at the Western Sydney Airport site was leased to WSA Co on 17 May 2018 for no consideration for an initial term of 50 years and is also reported at nil value.

Land owned by the Australian Government at Moorebank NSW has been leased to a subsidiary of Moorebank Intermodal Company Ltd for 99 years for a nominal annual rental to develop an intermodal freight terminal. The lease has been assessed as having no reportable fair value as the present value of minimum lease payments is negligible.

	2021	2020
	\$'000	\$'000
4.2B: Inventories		
Inventories held for distribution	2,632	2,408
Total inventories	2,632	2,408
4.2C: Other Non-Financial Assets		
Grant prepayments	-	6,240
Other prepayments	3,071	3,371
Total prepayments	3,071	9,611

Accounting Policy

Inventories

During 2021, \$7.6 million (2020: \$8.6 million) of inventory held for distribution was recognised as an expense. All inventories are expected to be distributed in the next 12 months. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first in-first out basis, and
- finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.3 Administered – Payables

	2021	2020
	\$'000	\$'000
4.3A: Suppliers		
Trade creditors and accruals	353,698	347,321
Total suppliers	353,698	347,321
Settlement is usually made within 20 days (2020: 20 days).		
4.3B: Subsidies		
Subsidies in connection with		
Aviation subsidies	86,434	42,909
Tasmanian Freight Equalisation Scheme	7,075	10,474
Other subsidies	6,797	5,225
Total subsidies	100,306	58,608
Settlement was due according to the terms and conditions of each grant within 30 days of performance eligibility.		
4.3C: Grants		
Australian Government entities	8,374	6,927
State and Territory Governments	39,050	822
Local Governments	7,409	7,720
Non-profit organisations	17,151	10,984
Commercial entities	22,678	17,138
Other	-	856
Total grants	94,662	44,447
4.3D: Other payables		
Lease income received in advance	8,288	9,817
Classification fees received in advance	567	541
Salaries and wages	223	172
Superannuation	28	21
Other	177	162
Total other payables	9,283	10,713

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.4 Administered – Other Provisions

	Biodiversity Offset Credits \$'000	Regional Broadband Scheme \$'000	Other Provisions \$'000	Total \$'000
4.4A: Other provisions				
As at 1 July 2020	71,710	-	4,576	76,286
Additional provisions made	3,931	334,506	1,313	339,750
Amounts used	-	-	(2,196)	(2,196)
Total as at 30 June 2021	75,641	334,506	3,693	413,840

Accounting Policy

Other Provisions

There are constructive obligations to use biodiversity offset credits to offset the environmental impact of development at the Western Sydney Airport. The biodiversity obligations are derived from the Western Sydney Airport Biodiversity Offset Delivery Plan.

Regional Broadband Scheme reflects the constructive obligation to provide financial assistance to eligible funding recipients. The financial assistance obligation is derived from the *Telecommunications (Consumer Protection and Service Standards) Act 1999* and *Telecommunications (Regional Broadband Scheme) Charge Act 2020*.

The phosphate mine rehabilitation provision reflects the Australian Government's obligation to rehabilitate land on Christmas Island affected by phosphate mining. The asbestos remediation provision reflects an obligation to remediate asbestos in buildings or structures owned by the Commonwealth where there is a present obligation and the cost of remediation can be reliably measured. Other provisions represent estimated costs to settle legal claims made against the department where settlement is considered probable.

Accounting Judgements and Estimates

Biodiversity offset credits

Amounts provided for Biodiversity offset credits are equivalent to the fair value of the associated financial asset.

Regional Broadband Scheme

The Regional Broadband Scheme (RBS) started on 1 January 2021, with an aim to ensure transparent and sustainable funding for essential broadband services supplied to regional, rural and remote Australians, and specifically to cover the net losses of NBN fixed wireless and satellite services. Under the RBS, carriers will be required to pay \$7.10 per month for each premise on their network with an active high speed superfast broadband service provided over a local access line. NBN Co will pay around 95 percent of total charges imposed on carriers under the RBS with the Commonwealth expecting to fund eligible funding recipients, through charges collected under the RBS.

The Australian Communications and Media Authority (ACMA) is responsible for assessing and collecting charges from carriers and the department is responsible for entering into contracts or making grants of financial assistance to eligible funding recipients. As at 30 June 2021, NBN Co is the only eligible funding recipient and is estimated to receive a total of \$334.5 million in subsidies for the period 1 January to 30 June 2021.

Provision for Phosphate Mine Rehabilitation

The provision for phosphate mine rehabilitation is equal to the balance of the Christmas Island Phosphate Mining Rehabilitation Special Account, adjusted for accrued payments and revenue at year end.

Other provisions

Amounts are provided for settlement of claims against the department where settlement is probable and the amount can be reliably estimated using professional judgement.

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

5. Funding

This section identifies the department's funding structure.

5.1 Appropriations

5.1A: Annual Appropriations (Recoverable GST exclusive)

Annual Appropriations for 2020-21

	Annual Appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2020-21 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	376,051	22,917	398,968	(374,835)	24,133
Capital Budget ³	21,040	-	21,040	(12,981)	8,059
Total departmental	397,091	22,917	420,008	(387,816)	32,192
Administered					
Ordinary annual services					
Capital Budget ³	18,946	-	18,946	(16,762)	2,184
Administered items	3,556,424	1,097,550	4,653,974	(3,576,530)	1,077,444
Payments to corporate Commonwealth entities	2,060,440	-	2,060,440	(2,060,440)	-
Other services					
States, ACT, NT and Local government	1,612,529	250,000	1,862,529	(1,531,495)	331,034
Administered assets and liabilities	1,713,325	-	1,713,325	(1,413,402)	299,923
Payments to corporate Commonwealth entities	42,328	-	42,328	(42,328)	-
Total administered	9,003,992	1,347,550	10,351,542	(8,640,957)	1,710,585

1. Departmental adjustments comprise receipts retained under s74. Administered adjustments include additional appropriation received through Advances to the Finance Minister (\$1.1 billion Air Transport Act No. 1 and \$250 million Local Government Act No. 2).
2. Variances in annual administered appropriations mainly relate to expenditure associated with the COVID-19 aviation response packages, which are demand-driven in nature, and delays in meeting milestones for the regional grant and local government programs, to those impacted by the bushfires and COVID-19. The variance in administered assets and liabilities appropriations mainly relates to an over allocation of funding in the 2020-21 Budget. The additional funding was subsequently quarantined under s51 of the PGPA Act. The variance in the State and Territories appropriations mainly relates to the funding received through the Advance to the Finance Minister due appropriation bills not available at the time payments were required.
3. Departmental and Administered Capital Budgets are appropriated through Appropriation Act (No. 1). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. The variance in the departmental capital budget mainly relates to a delay in the commencement of capital projects.

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

5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2019-20

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2019-20 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	369,518	28,043	397,561	(399,203)	(1,642)
Capital Budget ⁴	7,343	-	7,343	(12,950)	(5,607)
Total departmental	376,861	28,043	404,904	(412,153)	(7,249)
Administered					
Ordinary annual services					
Capital Budget ⁴	17,073	-	17,073	(14,934)	2,139
Administered items	3,013,947	(53,108)	2,960,839	(2,375,070)	585,769
Payments to corporate Commonwealth entities	1,989,812	-	1,989,812	(1,989,812)	-
Other services					
States, ACT, NT and Local government	695,539	-	695,539	(648,621)	46,918
Administered assets and liabilities	6,020,847	-	6,020,847	(6,954,398)	(933,551)
Payments to corporate Commonwealth entities	39,453	-	39,453	(39,453)	-
Total administered	11,776,671	(53,108)	11,723,563	(12,022,288)	(298,725)

1. Annual appropriation amounts include amounts originally appropriated to former DoCA.
2. Departmental adjustments comprise receipts retained under s74 of the PGPA Act of \$28 million. Administered adjustments include amounts transferred under s75 of the PGPA Act of \$53.1 million transferred to Department of Health for the Community Sports Infrastructure program.
3. Variances in annual administered appropriations mainly result from movements of funds for the timing of regional grant programs into future years. Variance in administered assets and liabilities appropriations mainly relate to amounts appropriated for the National Water Infrastructure Loan Facility that were not paid in 2019-20 and the drawdown from prior year administered assets and liabilities appropriations to make loan payments to NBN Co.
4. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1 and 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2021	2020
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2017-18 ^{1,2}	-	20,334
Appropriation Act (No. 1) 2018-19 ³	-	10
Appropriation Act (No. 1) 2019-20	-	81,666
Supply Act (No. 1) 2019-20	-	8,347
Appropriation Act (No. 3) 2019-20	-	37,263
Appropriation Act (No. 1) 2019-20 unspent cash	-	4,719
Appropriation Act (No. 1) 2020-21	149,669	-
Appropriation Act (No. 1) 2020-21 Departmental Capital Budget ⁵	8,059	-
Appropriation Act (No. 3) 2020-21	346	-
Appropriation Act (No. 1) 2020-21 unspent cash	5,509	-
Total departmental	163,583	152,339
Administered		
Appropriation Act (No. 1) 2017-18 ^{1,2}	-	335,678
Appropriation Act (No. 3) 2017-18 ^{1,2}	-	54,733
Appropriation Act (No. 2) 2017-18 - Administered Assets and Liabilities ^{1,2}	-	169,100
Appropriation Act (No. 1) 2018-19 ^{1,3}	134,256	158,015
Appropriation Act (No. 3) 2018-19 ^{1,3}	18	26,106
Appropriation Act (No. 2) 2018-19 - Administered Assets and Liabilities ^{1,3}	382,357	389,646
Appropriation Act (No. 2) 2018-19 - Advance to Finance Minister (Payments to States, ACT, NT and local government) ^{1,3}	30,547	30,547
Appropriation Act (No. 1) 2019-20 - Administered Capital Budget ⁴	-	2,140
Appropriation Act (No. 1) 2019-20	421,803	947,378
Supply Act (No. 1) 2019-20	-	133,773
Appropriation Act (No. 3) 2019-20	17,648	60,909
Appropriation Act (No. 5) 2019-20 ¹	3,299	4,286
Appropriation Act (No. 2) 2019-20 - Administered Assets and Liabilities	313,255	734,866
Supply Act (No. 2) 2019-20 - Administered Assets and Liabilities	212,341	287,517
Appropriation Act (No. 4) 2019-20 - Administered Assets and Liabilities	13,195	186,335
Appropriation Act (No. 4) 2019-20 - Payments to States, ACT, NT and local government	-	46,918
Appropriation (Coronavirus Economic Response Package) Act (No. 1) 2019-2020	-	131,608
Supply Act (No. 1) 2020-21	243,231	-
Appropriation Act (No. 1) 2020-21 ¹	1,096,580	-
Appropriation Act (No. 1) 2020-21 - Administered Capital Budget ⁵	4,324	-
Supply Act (No. 2) 2020-21 - Administered Assets and Liabilities ¹	930,605	-
Appropriation Act (No. 2) 2020-21 - Administered Assets and Liabilities	20,391	-
Appropriation Act (No. 2) 2020-21 - Payments to States, ACT, NT and local government ¹	377,953	-
Appropriation Act (No. 1) 2020-21 - Advance to Finance Minister ¹	222,973	-
Appropriation Act (No. 3) 2020-21 ¹	399,712	-
Appropriation Act (No. 4) 2020-21 - Administered Assets and Liabilities	26,142	-
Total administered	4,850,630	3,699,555

1. Includes amounts withheld under s51 of the PGPA Act, which have not yet been formally repealed at 30 June 2021.

2. 2017-18 appropriations lapsed on 1 July 2020 in accordance with the provisions in the appropriation acts.

3. 2018-19 appropriations lapsed on 1 July 2021 in accordance with the provisions in the appropriation acts.

4. This item was appropriated as part of *Appropriation Act (No. 1) 2019-20*.

5. This item was appropriated as part of *Appropriation Act (No. 1) 2020-21*.

6. Advance to the Finance Minister expired on 30 June 2021.

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

5.1C: Special Appropriations ('Recoverable GST exclusive')			
Authority	Type	Appropriation applied	
		2021 \$'000	2020 \$'000
<i>Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 - section 40(4)</i>	Unlimited amount	-	308
<i>Australian Maritime Safety Authority Act 1990, section 48</i>	Unlimited amount	132,248	125,710
<i>Aviation Fuel Revenues (Special Appropriation) Act 1988</i>	Unlimited amount	68,193	103,131
<i>Sydney Airport Demand Management Act 1997 - section 27(4)</i>	Limited amount	-	-
<i>Australian National Railways Commission Sale Act 1997 - section 67AH(4)</i>	Limited amount	-	-
<i>Public Governance, Performance and Accountability Act 2013 – Section 77</i>	Refund provisions	268	705
<i>Local Government (Financial Assistance) Act 1995 - section 19</i>	Unlimited amount	2,561,384	2,561,665
<i>Telstra Corporation Act 1991, section 8BA(3).</i>	Unlimited amount	-	-
<i>Classification (Publications, Films and Computer Games) Act 1995.</i>	Unlimited amount	-	-
<i>Assistance for Severely Affected Regions (Special Appropriation) (Coronavirus Economic Response Package) Act 2020</i>	Unlimited amount	161,625	96,049
Total special appropriations applied		2,923,718	2,887,568

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

5.2 Special Accounts

5.2A: Special Accounts (Recoverable GST exclusive)

	Art Rental Special Account 2016 ¹			Christmas Island Phosphate Mining Rehabilitation Special Account 2016 ²			Cultural Special Account ³			Indian Ocean Territories Special Account ⁴			Indigenous Repatriation Special Account 2016 ⁵			Jervis Bay Special Account ⁶		
	2021 \$'000	2020 \$'000	1,185	2021 \$'000	2020 \$'000	2,377	2021 \$'000	2020 \$'000	734	2021 \$'000	2020 \$'000	1,028	2021 \$'000	2020 \$'000	2,829	2021 \$'000	2020 \$'000	157
Balance brought forward from previous period	2,061	1,185		2,377	2,927		907			6,586			2,591			336		
Increases																		
Departmental																		
Other receipts	4,038	2,901		-	-		640	501		-	-		834	844		-	-	-
Total departmental	4,038	2,901		-	-		640	501		-	-		834	844		-	-	-
Administered																		
Other receipts	-	-		1,041	992		-	-		17,320	17,551		-	-		1,026	1,478	
Total Administered	-	-		1,041	992		-	-		17,320	17,551		-	-		1,026	1,478	
Total increases	4,038	2,901		1,041	992		640	501		17,320	17,551		834	844		1,026	1,478	
Available for payments	6,099	4,086		3,418	3,919		1,547	1,235		23,906	18,579		3,425	3,673		1,362	1,635	
Decreases																		
Departmental																		
Payments made to suppliers	(3,313)	(2,025)		-	-		(715)	(328)		-	-		(452)	(1,081)		-	-	-
Total Departmental	(3,313)	(2,025)		-	-		(715)	(328)		-	-		(452)	(1,081)		-	-	-
Administered																		
Payments made to suppliers	-	-		(841)	(1,542)		-	-		(20,041)	(11,993)		-	-		(867)	(1,299)	
Total Administered	-	-		(841)	(1,542)		-	-		(20,041)	(11,993)		-	-		(867)	(1,299)	
Total decreases	(3,313)	(2,025)		(841)	(1,542)		(715)	(328)		(20,041)	(11,993)		(452)	(1,081)		(867)	(1,299)	
Total balance carried to the next period	2,786	2,061		2,577	2,377		832	907		3,865	6,586		2,973	2,591		495	336	
Balance represented by																		
Cash held in bank account	34	52		-	-		-	-		26	-		-	-		1	-	
Cash held in the Official Public Account	2,752	2,009		2,577	2,377		832	907		3,839	6,586		2,973	2,591		494	336	
Total balance carried to the next period	2,786	2,061		2,577	2,377		832	907		3,865	6,586		2,973	2,591		495	336	

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

5.2A: Special Accounts ('Recoverable GST exclusive')

	Melbourne Airport New Runway Land Acquisition Special Account ⁷		National Cultural Heritage Special Account ⁸		Public Interest Telecommunications Special Account ⁹		Regional Broadband Scheme Special Account ¹⁰		Services to Other Entities and Trust Moneys ¹¹	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance brought forward from previous period	48	116	-	30	17,793	68	-	-	108	110
Increases										
Departmental										
Appropriation credited to special account	-	-	-	-	4,046	4,046	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	12
Total departmental	-	-	-	-	4,046	4,046	-	-	-	12
Administered										
Contribution received	-	-	500	470	-	363	-	-	-	-
Telecommunication Industry Levy receipts	-	-	-	-	244,138	261,863	-	-	-	-
Appropriation credited to special account	-	-	-	-	95,954	95,954	-	-	-	-
Other receipts	4	32	-	-	672	-	-	-	426	-
Total Administered	4	32	500	470	340,764	358,180	-	-	426	-
Total increases	4	32	500	470	344,810	362,226	-	-	426	12
Available for payments	52	148	500	500	362,603	362,294	-	-	534	122
Decreases										
Departmental										
Payments made to suppliers	-	-	-	-	(4,046)	(3,683)	-	-	-	(14)
Contribution made	-	-	-	-	-	(363)	-	-	-	-
Total Departmental	-	-	-	-	(4,046)	(4,046)	-	-	-	(14)
Administered										
Payments made to suppliers	(5)	(100)	(500)	(500)	(323,729)	(340,455)	-	-	-	-
Payments made to others	-	-	-	-	-	-	-	-	(27)	-
Total Administered	(5)	(100)	(500)	(500)	(323,729)	(340,455)	-	-	(27)	-
Total decreases	(5)	(100)	(500)	(500)	(327,775)	(344,501)	-	-	(27)	(14)
Total balance carried to the next period	47	48	-	-	34,828	17,793	-	-	507	108
Balance represented by										
Cash held in bank account	-	-	-	-	-	-	-	-	85	108
Cash held in the Official Public Account	47	48	-	-	34,828	17,793	-	-	422	-
Total balance carried to the next period	47	48	-	-	34,828	17,793	-	-	507	108

- 1 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act Determination (Art Rental Special Account 2016)*. Purpose: Acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth.
- 2 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act Determination (Christmas Island Phosphate Mining Rehabilitation Special Account 2016)*. Purpose: To manage the funding provided for the rehabilitation of phosphate mine sites on Christmas Island in accordance with the requirements of the lease between Phosphate Resources Ltd and the Australian Government.

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

- 3 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *Financial Management and Accountability (Establishment of Cultural Special Account) Determination 2011/18*. Purpose: Supporting the performance or administration of cultural activities.
- 4 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act (Indian Ocean Territories Special Account 2014 – Establishment) Determination 02*. Purpose: Delivery of essential services and infrastructure within the Indian Ocean Territories. Note that \$0.02 million in this special account is recognised as monies held in trust. This balance does not form part of the financial statements.
- 5 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act Determination (Indigenous Repatriation Special Account 2016)*. Purpose: Developing and conducting projects, programs and strategies associated with the repatriation of Indigenous ancestral remains and secret sacred objects.
- 6 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act (Jervis Bay Territory Special Account 2014 – Establishment) Determination 03*. Purpose: Delivery of essential services and infrastructure within the Jervis Bay Territory. Note that \$0.001 million in this special account is recognised as monies held in trust. This balance does not form part of the financial statements.
- 7 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *PGPA Act (Melbourne Airport New Runway Land Acquisition Special Account – Establishment) Determination 2015/10*. Purpose: Payments associated with the acquisition of land in connection with the Melbourne (Tullamarine) Airport.
- 8 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80. Establishing instrument: *Protection of Moveable Cultural Heritage Act 1986*, section 25. Purpose: Amounts standing to the credit of the National Cultural Heritage Account may be expended for the purpose of facilitating the acquisition of the Australian protected objects for display or self-keeping.
- 9 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80. Establishing instrument: *Telecommunications (Consumer Protection and Service Standards) Act 1999*, Division 5, section 37. Purpose: Support the delivery of Universal Service Obligation, National Relay Service and other public interest telecommunications services for all Australians. The Australian Communications and Media Authority collects a levy imposed on carriers under the *Telecommunications (Industry Levy) Act 2012* and the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. These levy receipts are credited to the special account, and along with Government funding, are used to pay contractors and grant recipients and to contribute to administrative costs.
- 10 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80. Establishing instrument: *Telecommunications (Consumer Protection and Services Standards) Act 1999*, Division 3, section 89. Purpose: To ensure transparency in use of the funding raised by the Regional Broadband Scheme. The special account quarantines proceeds raised by the charge to pay eligible recipients for providing fixed wireless and satellite broadband services to regional, rural and remote Australians, and to contribute to administrative costs. The special account had nil balance and no transactions in the 2020-21 financial year.
- 11 Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 78. Establishing instrument: *Financial Management and Accountability (Establishment of Special Account for Department of Infrastructure and Transport) Determination 2011/08*. Purpose: Expenditure of money temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.

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

5.3 Regulatory Charging Summary

	2021 \$'000	2020 \$'000
Amounts applied		
Departmental		
Annual appropriations	16,210	14,736
Own source revenue	-	6
Administered		
Special appropriations (including special accounts)	132,248	125,710
Total amounts applied	148,458	140,452
Expenses		
Departmental	16,340	14,763
Administered	132,667	128,169
Total expenses	149,007	142,932
External Revenue		
Departmental	-	6
Administered	147,805	140,978
Total external revenue	147,805	140,984

Regulatory charging activities:

1. Environment protection at leased federal airports
2. Coastal trading licences
3. Motor vehicle safety standards
4. Australian Maritime Safety Authority levies
5. Classification Fees

Documentation (Cost Recovery Impact Statement) for Environmental Protection at Leased Federal Airports and Coasting Trade Permits is available at:

<https://www.infrastructure.gov.au/department/cost-recovery-implementation-statements/files/2005-CRIS-Minor-Arrangements.pdf>

Documentation (Cost Recovery Impact Statement) for Noise amelioration at Sydney and Adelaide Airports is available at:

<https://www.infrastructure.gov.au/department/cost-recovery-implementation-statements/files/2005-CRIS-Noise-amelioration.pdf>

The documentation (Cost Recovery Impact Statement) for Road Vehicle Standards is available at

<https://www.infrastructure.gov.au/sites/default/files/migrated/department/cost-recovery-implementation-statements/files/cris-rvsa-26-march-2020.pdf>

Documentation (Cost Recovery Impact Statement) for Australian Maritime Safety Authority Levies is available at:

<https://www.amsa.gov.au/about/fees-levies-and-payments/cost-recovery-implementation-statement-2020-21>

Documentation (Cost Recovery Impact Statement) for Classification Fees is available at:

<https://www.classification.gov.au/about-us/corporate-reporting/cost-recovery>

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

5.4 Net Cash Appropriation Arrangements

	2021	2020
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	6,470	(29,659)
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections)	14,162	12,455
Plus: depreciation of right-of-use assets	21,721	22,018
Less: lease principal repayments	(21,075)	(20,763)
Net Cash Operating Surplus/ (Deficit)	21,278	(15,949)

1. From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expense of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with separate capital budget provided through equity injections. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2. Amounts are disclosed for depreciation of ROU assets and principal repayments of leased assets to reflect funding arrangements on adoption of *AASB 16 Leases* and the timing of expense recognition. Lease payments are met from departmental appropriations for ordinary annual services and not capital budgets.

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the cash impact on implementation of *AASB 16 Leases*, it does not directly reflect a change in appropriation arrangements.

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

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee Provisions

	2021	2020
	\$'000	\$'000
6.1A: Employee provisions		
Leave	69,393	72,510
Total employee provisions	69,393	72,510
6.1B: Administered employee provisions		
Leave	4,205	4,040
Total employee provisions	4,205	4,040

Accounting Policy

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

Annual leave and long service leave provisions are classified as 'other long-term employee benefits' under AASB 119 as they are not expected to be wholly settled within the next twelve months. Other long-term employee benefits are measured as the present value of the expected cash flows.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting.

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.

Superannuation

The department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

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

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

The department makes employer contributions to the employees' defined benefit superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay fortnight of the reporting period.

Accounting Judgements and Estimates

The liability for other long-term benefits has been determined with reference to departmental specific probability factors determined by the Australian Government Actuary (AGA) as at 31 January 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. The department received advice from the AGA to confirm these factors remained appropriate as at 30 June 2021.

The measurement of employee provisions may be affected by changes in leave trends due to the impact of the COVID-19. The department's assessment is that the impact would not have a material impact on the balance reported at 30 June 2021.

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

6.2 Key Management Personnel Remuneration

Key management personnel (KMP) are those persons having authority for planning, directing and controlling the activities of the department, directly or indirectly. The department has determined KMP to be Portfolio Ministers¹, Secretary and members of the department's Operations Committee.

During 2020-21, KMP for the department comprised the Secretary and Deputy Secretaries.

KMP remuneration is reported in the table below:

	2021	2020⁴
	\$'000	\$'000
Short-term employee benefits	2,887	3,434
Post-employment benefits	488	544
Other long-term employee benefits	72	182
Termination benefits	360	1,051
Total key management personnel remuneration expenses²	3,807	5,211

The total number of KMP included in the above table are eight (2020: 14).³

1. Remuneration reported in this note excludes the remuneration and other benefits of Portfolio Ministers. Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.
2. Remuneration is reported on an accrual basis and excludes short-term acting arrangements.
3. The department had eight KMP positions at 30 June 2021 (2020: seven). The total number of KMP above includes employees occupying KMP positions for part of the year.
4. During 2019-20, the number of KMP includes KMP of the department, and DoCA up to 31 January 2020. DOCA was abolished and its functions were merged with the department on 1 February 2020.

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

6.3 Related Party Disclosures

Related party relationships:

The department is an Australian Government controlled entity. Related parties to the department are KMP (refer Note 6.2), other Australian Government entities and the Norfolk Island Health and Residential Aged Care Service (refer Note 4.1D).

Transactions with related parties:

The following transactions with related parties occurred during the financial year and are considered to be significant due to their size and/or nature:

Transaction	Related party	Note	2021 \$'000	2020 \$'000
Grants administration	Department of Industry, Science, Energy and Resources	1.1B	11,392	10,194
Grants	Australian National Maritime Museum	1.1C	2,000	476
	Bundanon Trust	1.1C	-	976
	National Film and Sound Archive	1.1C	2,900	1,760
	National Gallery of Australia	1.1C	-	1,822
	National Library of Australia	1.1C	2,500	-
	National Museum of Australia	1.1C	44	2,215
	National Portrait Gallery of Australia	1.1C	-	294
	Old Parliament House	1.1C	-	4,547
Revenue for airport site preparatory activities	WSA Co Ltd		99,600	99,600
Dividend revenue	Australian Postal Corporation	2.2E	46,160	20,950
	Airservices Australia	2.2E	-	5,400
	Australian Rail Track Corporation Limited	2.2E	80,281	23,325
Telecommunications	Australian Communications and Media Authority	5.2A	244,138	261,863
Industry Levy receipts Equity payments	Moorebank Intermodal Company Ltd	4.1D	13,887	71,552
	Australian Rail Track Corporation Ltd	4.1D	747,239	425,732
	WSA Co Ltd	4.1D	645,000	405,528
	Australian National Maritime Museum	4.1D	1,694	3,153
	National Gallery of Australia	4.1D	28,150	21,900
	National Library of Australia	4.1D	9,558	9,512
	Old Parliament House	4.1D	-	1,509
	National Portrait Gallery of Australia	4.1D	193	192
	National Museum of Australia	4.1D	1,924	1,913
	National Film & Sound Archive of Aust.	4.1D	809	1,274
Equity repayments	Airservices Australia	7.4B	-	200,000
Service Delivery Agreement	Norfolk Island Health and Residential Aged Care Service	2.1B	11,159	11,367
Regional Broadband Scheme	NBN Co Ltd	2.1C, 4.4A	334,506	-
Loan payments	NBN Co Ltd – Advances	4.1B	42,000	6,405,000
	NBN Co Ltd – Principal and interest repayments	2.2D, 4.1B	6,990,633	628,970
	Australian Broadcasting Corporation – Principal and interest repayments	2.2D, 4.1B	-	30,618

The department enters into other transactions with Australian Government entities in the normal course of business that are not considered to be significant. Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

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

7. Managing Uncertainties

This section analyses how the department manages financial risks within its operating environment.

7.1 Contingent Assets and Liabilities

7.1A: Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	-	49	-	49
New contingent assets recognised	-	-	-	-
Re-measurement	-	(21)	-	(21)
Assets realised	-	(28)	-	(28)
Total contingent assets	-	-	-	-
Net contingent assets/(liabilities)	-	-	-	-

Unquantifiable Contingencies

Legal matters

The department, on behalf of the Commonwealth, is party to matters before various courts. Costs may be awarded to or against the Commonwealth for these matters, subject to the Court's decisions. The potential costs or gains cannot be reliably estimated.

Significant Remote Contingencies

Westpac Banking Corporation

DoCA contracted with the Westpac Banking Corporation for its transactional banking services. The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to departmental banking functions. In June 2013, DoCA 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. Banking arrangements for DoCA were transitioned to the Reserve Bank of Australia from 1 July 2020. The department closed the bank functions on 18 November 2020. As at 30 June 2021, no claims have been made (2020: Nil).

7.1B: Administered - Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	-	1,239	-	1,239
New contingent assets recognised	535	-	535	-
Re-measurement	-	(244)	-	(244)
Assets realised	-	(995)	-	(995)
Total contingent assets	535	-	535	-
Contingent liabilities				
Balance from previous period	-	-	-	-
New contingent liabilities recognised	2	-	2	-
Re-measurement	-	-	-	-
Total contingent liabilities	2	-	2	-
Net contingent assets	533	-	533	-

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Quantifiable Contingencies

Contingent Assets

As at 30 June 2021, there are three insurance claims submitted to recover costs for damage to properties and infrastructure on Cocos (Keeling) Island, Jervis Bay Territory and Christmas Island (2020: Nil). The claim is contingent on acceptance by the department's insurer.

Contingent Liabilities

At 30 June 2021, there are three (2020: Nil) instances of non-remote quantifiable contingent liabilities in respect of insurance claims relating to motor vehicles. The claims are contingent on acceptance by the department's insurer and limited to the policy excess.

Unquantifiable Administered Contingent Liabilities

Asbestos Remediation Costs

The department maintains registers of Australian Government owned properties in the Indian Ocean Territories, Jervis Bay Territory and Norfolk Island where materials containing asbestos have been identified. Asbestos management plans are in place for these properties that include ongoing monitoring and removal or encapsulation of materials containing asbestos where necessary. The department may incur remediation costs in the future if conditions change, such as through damage or renovation. There is uncertainty around the timing of any future cash outflows if such remediation is undertaken.

Remote unquantifiable contingent liabilities

The department, on behalf of the Australian Government, has entered into the following indemnities and arrangements which are considered significant in nature and were disclosed in the *2021-22 Budget Paper No. 1*. The probability the department will incur costs as a result of these arrangements is considered remote and no claims have been identified at 30 June 2021.

Australian Maritime Safety Authority Incident Costs

In the normal course of operations, the Australian Maritime Safety Authority (AMSA) is responsible for the provision of funds necessary to meet the clean-up costs arising from ship-sourced marine pollution and, in all circumstances, is responsible for making appropriate efforts to recover the costs of any such incidents. The Australian Government has a constructive obligation to meet costs that cannot be recovered from such incidents. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these incident costs. AMSA maintains a separate pollution response funding capability to meet such unplanned expenditure.

Moorebank Intermodal Terminal – Indemnities

Indemnities have been provided in connection with the development of the Moorebank Intermodal Terminal, including:

- (a) protection for the Directors and Officers of the Moorebank Intermodal Company Ltd (MICL) against civil claims relating to their employment and conduct. The indemnities apply to actions taken during the period of appointment as Directors or Officers of the company and were provided to Directors when the Board was first established, however not to subsequent Directors
- (b) costs and liabilities that may be incurred by the State of NSW arising under *the Native Title Act 1993 (Cth)* associated with the construction of a rail bridge over the Georges River to the Moorebank Intermodal Terminal
- (c) costs that may be incurred by MICL in the event that the Commonwealth terminates the Equity Funding Agreement between the Commonwealth and MICL for reasons other than a breach by MICL, and
- (d) costs and liabilities incurred by the private sector owner of the Glenfield Waste Site for any easement for the rail spur across the Glenfield Waste Site, to the extent that such costs or liabilities are caused, or contributed to, by the Commonwealth or its agents.

WSA Co Limited - Indemnities

Indemnities have been provided in connection with the establishment of WSA Co, including:

- (a) protection for Directors of WSA Co Limited to protect them against certain claims relating to their employment as Directors. Unless the indemnity agreements are varied or brought to an end, they cease to apply from the date the Commonwealth has fully satisfied its obligations to subscribe for equity to WSA Co pursuant to the WSA Co Equity Subscription Agreement, and
- (b) liabilities and costs that may be incurred by WSA Co in the event the Commonwealth terminates the Equity Subscription Agreement between WSA Co and the Commonwealth.

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

Optus Financial Guarantee

The Australian Government has provided a guarantee in respect of NBN Co's financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Limited, Optus Vision Media Pty Limited and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement (the Agreement). An amended version of the Agreement came into effect on 22 January 2019. The Guarantee continues to apply to that Agreement. The Agreement extends for the period of the National Broadband Network roll out in Optus Hybrid Fibre Coaxial (HFC) areas. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Agreement. As at 30 June 2021, NBN Co had generated liabilities covered by the Agreement which are estimated at an amount less than \$195 million. There is a low risk that a claim would be made under the Guarantee.

Telstra Financial Guarantee

The Australian Government has provided Telstra Corporation Limited (Telstra) a guarantee in respect of NBN Co's financial obligations under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the Definitive Agreements between Telstra and NBN Co arise progressively during the roll out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and Hybrid Fibre Coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Definitive Agreements. As at 30 June 2021, NBN Co had generated liabilities covered by the Guarantee estimated at \$10.4 billion. The Guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount 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.

Inland Rail – Termination of the Equity Financing Agreement

The Australian Government will provide sufficient funding to cover all costs and liabilities incurred by the Australian Rail Track Corporation (ARTC) for delivery of Inland Rail in the event that the Commonwealth terminates the Equity Financing Agreement between the Commonwealth and the ARTC.

New South Wales Rural Fire Fighting Service - indemnity

The New South Wales Rural Fire Service (NSW RFS) provides fire-fighting services in the Jervis Bay Territory (JBT). Due to the cross-border delivery of fire services from NSW to the JBT, the NSW RFS requires the Australian Government to provide an uncapped indemnity whereby the Australian Government would be liable for any damages, arising in good faith, from the provision of the agreed scope of fire management services. The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote. Risks are mitigated through the training and professional qualifications of NSW RFS staff.

Potential per- and poly-fluoroalkyl substances contamination

The department has identified a number of sites in Australia potentially contaminated with per and poly fluoroalkyl substances (PFAS) previously contained in firefighting foams.

The identified contaminants do not naturally break down in the environment and several have been listed on the Stockholm Convention as persistent contaminants. Australian health and environmental agencies have set a range of standards for environmental protection and precautionary health measures.

Up to 37 airport sites are potentially contaminated with PFAS (20 federally leased airports and 17 regional airports) relating to the Commonwealth provision of firefighting services. The department is undertaking PFAS investigations at these airports to understand the risks and develop corresponding management plans for any identified PFAS contamination. Airservices Australia (Airservices) is also implementing a national PFAS management program, which includes PFAS investigations at 21 airport sites. The costs of potential long term management options cannot be quantified at this time.

For federally leased airports, Airport Lessee Companies (ALCs) are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment, including in respect of costs and claims arising due to such damages or injury. Nevertheless in certain circumstances, in relation to some airports, where the Commonwealth provided firefighting services (in particular those not leased under *the Airports Act 1996*), such liability (if any) could rest with the Commonwealth.

Moorabbin and Canberra ALCs have formally requested that the Airport Environment Officer issue remediation orders to Airservices for PFAS contamination under the Airports (Environment Protection) Regulations 1997. Brisbane Airport Corporation has also commenced legal proceedings in the Queensland Supreme Court against Airservices in relation to legacy PFAS contamination from Airservices' firefighting activities at the airport. Potential costs to be incurred by the department in relation to this matter are unquantifiable.

Service Delivery Arrangement Indemnities – Indian Ocean Territories, Jervis Bay Territory and Norfolk Island

The Australian Government has been entering into Service Delivery Arrangements with the Western Australian (WA) Government for the provision of services to the Indian Ocean Territories of Christmas Island and the Cocos

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(Keeling) Islands since 1992. The Australian Government has provided certain indemnities for the WA Government, their respective officers, agents, contractors and employees against civil claims relating to their employment and conduct as officers.

The New South Wales (NSW) Government has provided a range of services to the Norfolk Island community through a Heads of Agreement since 1 July 2016. The Australian Government provides certain indemnities for the State of NSW and NSW authorities and officials in respect of the delivery of services to Norfolk Island and the Jervis Bay Territory.

The Australian Capital Territory (ACT) provides a number of services to the Jervis Bay Territory under Memorandums of Understanding. The Australian Government has provided certain indemnities for the ACT Government authorities and officials in respect of the delivery of services to the Jervis Bay Territory.

The likelihood of an event occurring that may result in a liability for the Australian Government has been assessed as remote and the risks are currently mitigated through the training and professional qualifications of the staff of these entities.

Tripartite deeds relating to the sale of federal leased airports

The tripartite deeds between the Australian Government, the airport lessee company and financiers, amend airport (head) leases to provide for limited step-in rights for financiers in circumstances where the Australian Government terminates the head lease to enable the financiers to correct the circumstances that triggered such a termination event. The tripartite deeds may require the Australian Government to pay financiers compensation as a result of terminating the (head) lease, once all Australian Government costs have been recovered. The Australian Government's contingent liabilities are considered to be unquantifiable and remote.

Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position or Administered Schedule of Assets and Liabilities but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Accounting Judgements and Estimates

Indemnities and/or guarantees

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe the indemnities and/or guarantees would be called upon, and no recognition of any liability was therefore required.

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

7.2 Financial Instruments

	2021 \$'000	2020 \$'000
7.2A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	12,100	10,279
Trade receivables	2,615	2,082
Accrued revenue	582	1,017
Other receivables	14	20
Total financial assets at amortised cost	15,311	13,398
Total financial assets	15,311	13,398
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	2,534	4,799
Accrued expenses	28,569	27,455
Total financial liabilities measured at amortised cost	31,103	32,254
Total financial liabilities	31,103	32,254

The carrying value of financial assets and liabilities is a reasonable approximation of fair value.

7.2B: Net Gains or Losses on Financial Assets

Financial assets at amortised cost		
Impairment	154	(411)
Exchange gains	6	-
Net gains/(losses) on financial assets at amortised cost	160	(411)
Net gains/(losses) on financial assets	160	(411)

Accounting Policy

Financial assets

The department classifies its financial assets in the following categories:

- financial assets at fair value through other comprehensive income, and
- financial assets measured at amortised cost.

The classification depends on both the department's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the department becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognise when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- The financial asset is held in order to collect contractual cash flows and
- The cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest rate method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

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

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased or remains low.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as 'financial liabilities at amortised cost'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at amortised cost

Financial liabilities, including borrowings and concessional loan commitments, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

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

7.3 Administered – Financial Instruments		
	2021	2020
	\$'000	\$'000
7.3A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash and cash equivalents	41,989	27,153
Concessional loans	2,140,510	2,048,233
Loan to NBN Co Limited	13,198,999	19,456,528
Contract Assets	2,870	1,786
Grants receivable	-	39
Accrued revenue	3,575	2,922
Total financial assets at amortised cost	15,387,943	21,536,661
Financial assets at fair value through other comprehensive income		
Investments	35,724,643	31,790,857
Total financial assets at fair value through other comprehensive income	35,724,643	31,790,857
Total financial assets	51,112,586	53,327,518
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	353,698	347,321
Subsidies payable	100,306	58,608
Grants payable	94,662	44,447
Total financial liabilities measured at amortised cost	548,666	450,376
Total financial liabilities	548,666	450,376
The carrying value of financial assets and liabilities is a reasonable approximation of fair value.		
7.3B: Net Gains and Losses on Financial Assets		
Financial assets at amortised cost		
Interest revenue earned on:		
Loan to NBN Co Limited	690,633	628,970
Concessional loans	100,163	106,632
Concessional loan gains/(losses)	-	13,244
Impairment	2,078	(1,485)
Net gains/(losses) on financial assets at amortised cost	792,874	747,361
Financial assets at fair value through other comprehensive income		
Dividend revenue	126,441	49,675
Gains/(losses) recognised in other comprehensive income	2,485,332	4,295,354
Net gains/(losses) on financial assets at fair value through other comprehensive income	2,611,773	4,345,029
Net gains/(losses) on financial assets	3,404,647	5,092,390

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

7.3C: Fair Value of Financial Instruments

	Carrying amount 2021 \$'000	Fair value 2021 \$'000	Carrying amount 2020 \$'000	Fair value 2020 \$'000
Financial Assets				
Cash and cash equivalents	41,989	41,989	13	13
Concessional loans	2,140,510	2,140,510	2,048,233	2,048,233
Loan to NBN Co Limited	13,198,999	13,198,999	19,456,528	19,456,528
Fees receivable	2,870	2,870	1,786	1,786
Grants receivable	-	-	39	39
Accrued revenue	3,575	3,575	2,922	2,922
Investments	35,724,643	35,724,643	31,790,857	31,790,857
Total financial assets	51,112,586	51,112,586	53,300,378	53,300,378
Financial Liabilities				
Trade creditors and accruals	353,698	353,698	347,321	347,321
Subsidies payable	100,306	100,306	58,608	58,608
Grants payable	94,662	94,662	44,447	44,447
Total financial liabilities	548,666	548,666	450,376	450,376

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

7.3D: Credit Risk

The administered activities of the department were not exposed to a high level of credit risk as the majority of financial assets were loans to State and Territory Governments and government funded entities. The department had policies and procedures that guided employees on the debt recovery techniques that were to be applied.

The carrying amount of financial assets are considered to best represent the maximum exposure to credit risk.

The department assessed expected credit losses on loans and receivables and made an allowance for impairment where appropriate.

The department considered whether the credit risk of loans has increased significantly based on assessments of budget papers for state government entities, compliance with loan conditions, reports from credit rating agencies (where available) and other publically available information including benchmarking against published default rates for entities with similar credit ratings.

The department's governance arrangements include monitoring of the NBN loan through a credit risk framework on a quarterly basis.

The department holds no collateral to mitigate against risk.

7.3E: Liquidity Risk

The department's administered financial liabilities were trade creditors, subsidies payable and grants payable.

The department's administered activities were funded primarily by appropriation from the Australian Government. The department manages its budgeted administered funds to ensure that it has adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2021

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	-	353,698	-	-	-	353,698
Subsidies payable	-	100,306	-	-	-	100,306
Grants payable	-	94,662	-	-	-	94,662
Total	-	548,666	-	-	-	548,666

Maturities for non-derivative financial liabilities in 2020

	On demand	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	-	347,321	-	-	-	347,321
Subsidies payable	-	58,608	-	-	-	58,608
Grants payable	-	44,447	-	-	-	44,447
Total	-	450,376	-	-	-	450,376

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

7.3F: Market Risk

The department held basic financial instruments that did not expose the department to certain market risks such as 'Currency risk' or 'Other price risk'.

Interest rate risk

The department is exposed to interest rate risk primarily from administered investments that are valued using the discounted cash flow method. The other interest-bearing items on the statement of financial position were administered loans. All of these loans bear interest at a fixed interest rate and their values did not fluctuate due to changes in the market interest rate.

Sensitivity analysis of the risk that the department is exposed to for 2021

	Risk Variable	Change in risk variable	Effect on	
			Net cost of services	Equity
		%	\$'000	\$'000
Administered investments using discounted cash flows	Discount rate	(+0.74%)	-	(3,430,575)
Administered investments using discounted cash flows	Discount rate	(-0.74%)	-	4,267,447

Sensitivity analysis of the risk that the Department was exposed to for 2020

	Risk Variable	Change in risk variable	Effect on	
			Net cost of services	Equity
		%	\$'000	\$'000
Administered investments using discounted cash flows	Discount rate	(+0.09%)	-	(402,620)
Administered investments using discounted cash flows	Discount rate	(-0.09%)	-	411,985

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

7.4 Administered – Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the Statement of Financial Position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period		Category (Level 1, 2 or 3)	Valuation Technique(s) and Inputs Used
	2021 \$'000	2020 \$'000		
Financial assets				
Biodiversity offset credits at fair value through profit and loss	75,641	71,710	1	Market value of equivalent ecosystem or species credits
Investments accounted for using the net assets method	12,449,543	12,161,857	3	Net assets of entities at balance date, proportionate of the Australian Government's interest.
Investment in NBN Co Limited	18,000,000	13,768,000	3	Present value of future cash flows discounted at a rate of return that would be expected by a market participant in determining a purchase price.
Other Investments accounted for using the discounted cash flow method	5,275,100	5,861,000	3	Present value of future net cash flows discounted at the weighted average cost of capital.
Total financial assets	35,800,284	31,862,567		
Non-financial assets				
Land ¹	300,266	52,110	2	Market value of similar assets as determined by an independent qualified valuer.
Land	31,880	31,880	3	Estimated market value of similar assets as determined by an independent qualified valuer.
Buildings	38,946	41,138	2	Market value of similar assets as determined by an independent qualified valuer.
Buildings	100,826	105,951	3	Current replacement cost as determined by an independent qualified valuer.
Artwork	35,596	35,596	2	Market value of similar assets as determined by an independent qualified valuer.
Heritage and Cultural	43,057	43,055	2	Market value of similar assets as determined by an independent qualified valuer.
Heritage and Cultural	95,216	96,067	3	Current replacement cost as determined by an independent qualified valuer.
Other property, plant and equipment	406	634	2	Market value of similar assets as determined by an independent qualified valuer.
Other property, plant and equipment	447,445	471,641	3	Current replacement cost as determined by an independent qualified valuer.

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

Intangibles - Phosphate mine lease	5,833	6,998	3 Present value of future royalty cash flows as determined by an independent qualified valuer.
Total non-financial assets	1,099,471	885,070	
Total assets	36,899,755	32,747,637	
1 Includes asset held for sale relating to the land at Bringelly in Western Sydney, subsequently sold to the NSW Government in 2021-22.			

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

7.4B: Reconciliation for Recurring Level 3 Fair Value Measurements												
	Financial assets						Non-financial assets					
	Investments accounted for using the net assets method		Investments accounted for using the discounted cash flow method		Land		Buildings		Heritage and Cultural		Other property, plant and equipment	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
As at 1 July	12,161,857	20,421,975	19,629,000	6,349,407	31,880	31,880	105,951	168,808	96,067	41,326	471,641	500,395
Total gains/(losses) recognised in net cost of services ¹	-	-	-	-	-	-	(7,716)	(7,669)	(2,462)	(2,431)	(44,289)	(43,469)
Total gains/(losses) recognised in other comprehensive income ²	(413,529)	(76,205)	2,898,861	4,371,560	-	-	-	-	-	-	-	-
Purchases	701,215	616,133	747,239	425,732	-	-	3,594	2,791	3,213	1,602	20,682	12,306
Change in valuation method	-	(8,682,301)	-	8,682,301	-	-	-	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-	-	-	-	-	-	-
Equity injections	-	-	-	-	-	-	-	-	-	-	-	-
Returns to the Consolidated Revenue Fund	-	-	-	(200,000)	-	-	-	-	-	-	-	-
Other	-	(117,746)	-	-	-	-	(1,003)	(57,979)	(1,602)	55,570	(689)	2,409
Total as at 30 June	12,449,543	12,161,857	23,275,100	19,629,000	31,880	31,880	100,826	105,951	95,216	96,067	447,445	471,641
Changes in unrealised gains/(losses) recognised in net cost of services for	287,686	(8,260,118)	3,646,100	13,279,593	-	-	(5,125)	(62,857)	(851)	54,741	(24,196)	(28,754)
Intangibles - Phosphate mine											6,998	6,998
											(1,165)	(3,500)
											5,833	6,998

1. These gains and losses are presented in the Schedule of Comprehensive Income under depreciation and amortisation expenses and write-down and impairment of other assets.

2. These gains and losses are presented in the Schedule of Comprehensive Income under changes in asset revaluation reserve.

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

8. Other Information

8.1 Current/Non-current Distinction for Assets and Liabilities

	2021	2020
	\$'000	\$'000
8.1A: Current/Non-current Distinction for Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	12,100	10,279
Trade and other receivables	155,650	132,927
Accrued revenue	582	1,017
Other non-financial assets	3,312	4,209
Total no more than 12 months	171,644	148,432
More than 12 months		
Buildings	135,564	161,759
Heritage and cultural	36,107	35,720
Property, plant and equipment	18,804	22,248
Intangibles	40,341	26,072
Other non-financial assets	1,654	2,129
Total more than 12 months	232,470	247,928
Total assets	404,114	396,360
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	31,103	32,254
Other payables	9,874	6,681
Leases	19,823	18,448
Employee provisions	18,468	17,921
Other provisions	681	250
Total no more than 12 months	79,949	75,554
More than 12 months		
Leases	95,291	115,100
Employee provisions	50,925	54,589
Other provisions	32	710
Total more than 12 months	146,248	170,399
Total liabilities	226,197	245,953

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

	2021	2020
	\$'000	\$'000
8.1B: Administered - Current/Non-current Distinction for Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	41,989	27,153
Trade and other receivables	70,899	52,417
Inventories	2,632	2,408
Prepayments	3,071	9,611
Other financial assets	79,216	74,632
Asset held for sale	265,390	-
Total no more than 12 months	463,197	166,221
More than 12 months		
Trade and other receivables	15,339,507	21,501,047
Land and buildings	206,528	231,079
Heritage and Cultural	173,869	174,718
Property, plant and equipment	447,851	472,275
Intangibles	6,766	7,030
Investments	35,724,643	31,790,857
Total more than 12 months	51,899,164	54,177,006
Total assets	52,362,361	54,343,227
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	353,698	347,321
Subsidies	100,306	58,608
Grants	94,662	44,447
Other payables	3,578	3,479
Employee provisions	1,260	1,543
Other provisions	413,840	76,286
Total no more than 12 months	967,344	531,684
More than 12 months		
Employee provisions	2,945	2,497
Other payables	5,705	7,234
Total more than 12 months	8,650	9,731
Total liabilities	975,994	541,415

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

8.2 Assets Held in Trust

Monetary assets

Monetary assets held in trust are also disclosed in Note 5.2A - Special Accounts in the tables titled 'Services for Other Entities and Trust Moneys.'

The Trust accounts are for moneys received from other Government and non-agency bodies, or moneys which are required to be held in trust for the benefit of a person other than the Commonwealth.

These monies are not available for other purposes of the Department and are not recognised in the financial statements.

	2021 \$'000	2020 \$'000
Services to Other Entities and Trust Moneys - Department of Infrastructure, Transport, Regional Development and Communications		
As at 1 July	108	110
Receipts	426	12
Payments	-	(14)
Total as at 30 June	534	108
Total assets held in trust	534	108

The department has no non-monetary assets held in trust as at 30 June 2021 (2020: Nil).

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

8.3 Restructuring

8.3A: Departmental Restructuring

	2021	2020
		Communications and arts policy Department of Communications and the Arts ¹
	\$'000	\$'000
FUNCTION ASSUMED		
Assets recognised		
Cash and cash equivalents	-	325
Trade and other receivables	-	1,936
Appropriation receivable	-	28,869
Total financial assets	-	31,130
Non-financial assets		
Buildings	-	80,443
Property, plant and equipment	-	5,863
Heritage and cultural	-	36,133
Intangibles	-	9,494
Other non-financial assets	-	2,930
Total non-financial assets	-	134,863
Total assets recognised	-	165,993
Liabilities recognised		
Payables		
Supplier payables	-	2,271
Other payables	-	6,222
Total payables	-	8,493
Interest bearing liabilities		
Leases	-	68,821
Total interest bearing liabilities	-	68,821
Provisions		
Other provisions	-	374
Employee provisions	-	25,687
Total provisions	-	26,061
Total liabilities recognised	-	103,375
Net assets/(liabilities) recognised	-	62,618
Income		
Recognised by the losing entity	-	78,155
Total income	-	78,155
Expenses		
Recognised by the losing entity	-	76,858
Total expenses assumed	-	76,858

¹Communications and arts policy functions were assumed from DoCA following the Administrative Arrangements Order effective 1 February 2020.

During 2019-20, the net assets recognised were reflected as a restructuring adjustment as the financial statements have been prepared for both entities for the full financial year. Total income and expenses assumed were recognised by DoCA for the period 1 July 2019 to 31 January 2020 and were consolidated in the department's 2019-20 results.

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

8.3B: Administered Restructuring

	2021	2020	2020
		Communications and Arts policy	Old Parliament House
		Department of Communications and the Arts ¹	Department of the Prime Minister and Cabinet ²
	Total		
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets recognised			
Cash	-	38,915	-
Trade and other receivables	-	16,511,461	-
Other investments	-	21,597,467	-
Buildings	-	55,755	-
Property, plant and equipment	-	133,485	-
Other non-financial assets	-	5,850	-
Total assets recognised	-	38,342,933	-
Liabilities recognised			
Suppliers	-	188,904	-
Grants	-	8,854	-
Other payables	-	14,933	-
Total liabilities recognised	-	212,691	-
Net assets assumed	-	38,130,242	-
Assets relinquished			
Australian Government Authorities			
Old Parliament House	-	-	117,746
Total assets relinquished	-	-	117,746
Net assets relinquished	-	-	117,746
Income			
Recognised by the losing entity	-	371,747	-
Expenses			
Recognised by the losing entity	-	1,811,720	6,118

¹Communications and arts policy functions were assumed from DoCA following the Administrative Arrangements Order effective 1 February 2020.

During 2019-20, the net assets recognised were reflected as a restructuring adjustment as the financial statements have been prepared for both entities for the full financial year. Total income and expenses assumed were recognised by DoCA for the period 1 July 2019 to 31 January 2020 and were consolidated in the department's 2019-20 results.

²Amendments to the Administrative Arrangements Order on 8 August 2019 transferred responsibility for reporting the Australian Government's interest in Old Parliament House from the former DoCA to the Department of the Prime Minister and Cabinet. The effective date for the transfer was 1 September 2019.



PART 6

Appendices

Appendix A: Resource statements and expenses for outcomes	230
Appendix B: Audit and Risk Committee members	240
Appendix C: Employee statistics	243
Appendix D: Executive remuneration	253
Appendix E: Advertising and market research	257
Appendix F: Ecologically sustainable development and environmental performance	258
Appendix G: Work health and safety	259
Appendix H: Australian Broadcasting Corporation Board	261
Appendix I: Aviation legislation	262
Appendix J: National land transport	263
Appendix K: Legal services expenditure	264

Appendix A: Resource statements and expenses for outcomes

Table A.1 Entity resource statement

		Actual available appropriation ¹ 2020–21 \$'000	Payments made 2020–21 \$'000	Balance remaining 2020–21 \$'000
Departmental Annual Appropriations				
Ordinary annual services²				
Departmental resourcing ³		562,722	387,816	174,906
Total departmental resourcing	A	562,722	387,816	174,906
Administered Annual appropriations⁴				
Ordinary annual services²				
Prior year appropriations available		1,852,486	885,052	
Outcome 1		299,900	157,118	
Outcome 2		1,149,821	1,772,582	
Outcome 3		655,608	93,409	
Outcome 4		222,303	150,149	
Outcome 5		294,817	153,549	
Outcome 6		425,769	364,356	
Administered Capital Budget ⁵		18,946	16,762	
Payments to corporate entities ⁶		2,060,440	2,060,440	
Total Administered ordinary annual resourcing		6,980,090	5,653,731	1,326,359
Other services – non operating				
Prior year appropriations available		1,814,382	677,215	
Administered assets and liabilities		1,713,325	736,187	
Administered assets and liabilities – Payments to corporate entities ⁶		42,328	42,328	
Other services – specific payments to states, ACT, NT and local government				
Outcome 1		591,693	591,703	
Outcome 3		1,020,775	939,791	

		Actual available appropriation ¹ 2020–21 \$'000	Payments made 2020–21 \$'000	Balance remaining 2020–21 \$'000
Total available Administered annual appropriations	B	12,162,593	8,640,956	3,521,637
Total available annual appropriations and payments	A+B	12,725,315	9,028,772	3,696,543
Administered Special appropriations				
Total available Administered Special appropriations	C		2,887,568	
Special Accounts				
Opening balance		27,140		
Appropriation receipts ⁷		95,954		
Non-Appropriation receipts to Special Accounts ⁸		264,201		
Payments made			345,483	
Total available Special Accounts	D	387,295	345,483	41,812
Total resourcing and payments⁹	A+B+C+D	13,112,610	12,297,973	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or payments to corporate entities through annual appropriations and special appropriations		(2,199,222)	(2,399,163)	
Total net resourcing and payments for the Department of Infrastructure, Transport, Regional Development and Communications		10,913,388	9,898,810	

1 Figures in the table represent actual appropriations provided less any legally recognised reductions as outlined in Note 5.1B of the 2020–21 Financial Statements.

2 Supply Act (No.1) 2020–21, Appropriation Act (No. 1) 2020–21 and Appropriation Act (No. 3) 2020–21.

3 Actual available appropriations for 2020–21 include prior year departmental appropriation and s74 relevant entity receipts.

4 Actual available appropriations for 2020–21 include retained administered funds from previous years.

5 Administered capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items.

6 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the PGPA Act.

7 Appropriation receipts from Departmental and Administered appropriations.

8 Non-Appropriation receipts from the Public Interest Telecommunications Services Special Account, Christmas Island Phosphate Mining Rehabilitation Special Account, Indian Ocean Territories Special Account 2014, Jervis Bay Territory Special Account 2014 and the Melbourne Airport New Runway Land Acquisition Special Account.

9 Total resourcing excludes the actual available appropriation for all Special Appropriations.

Table A.2 Expenses for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 1.1: Infrastructure Investment			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	299,900	209,333	90,567
Other services (Appropriation Acts No.2 and No.4)	591,693	591,803	(110)
Special appropriations	–	–	–
Payments to corporate entities	15,419	15,419	–
Expenses not requiring appropriation in the Budget year ²	43,878	42,013	1,865
Total for Program 1.1	950,890	858,569	92,321
Outcome 1 total	950,890	858,569	92,321
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	299,900	209,333	90,567
Other services (Appropriation Acts No.2 and No.4)	591,693	591,803	(110)
Special appropriations	–	–	–
Payments to corporate entities	15,419	15,419	–
Expenses not requiring appropriation in the Budget year ²	43,878	42,013	1,865
Departmental expenses			
Departmental appropriation ³	71,424	57,454	13,970
s74 retained revenue receipts	2,337	4,148	(1,811)
Expenses not requiring appropriation in the Budget year ⁴	763	6,602	(5,839)
Total expenses for Outcome 1	1,025,414	926,773	98,641
Average staffing level (number)⁵	252	265	(13)

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Table A.3 Expenses for Outcome 2: An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 2.1: Surface Transport			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	238,653	298,162	(59,509)
Special appropriations	126,300	132,667	(6,367)
Payments to corporate entities	88,201	3,629	84,572
Expenses not requiring appropriation in the Budget year ²	408	408	–
Total for Program 2.1	453,562	434,867	18,695
Program 2.2: Road Safety			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	15,700	15,501	199
Special appropriations	–	–	–
Expenses not requiring appropriation in the Budget year ²	2,986	2,986	–
Total for Program 2.2	18,686	18,487	199
Program 2.3: Air Transport			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	895,468	1,714,303	(818,835)
Special appropriations	282,246	200,264	81,982
Special accounts	100	–	100
Payments to corporate entities	128,424	128,424	–
Expenses not requiring appropriation in the Budget year ²	120,681	120,574	107
Total for Program 2.3	1,426,919	2,163,565	(736,646)
Outcome 2 total	1,899,167	2,616,919	(717,752)

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	1,149,821	2,027,966	(878,145)
Special appropriations	408,546	332,931	75,615
Special accounts	100	0	100
Payments to corporate entities	216,625	132,053	84,572
Expenses not requiring appropriation in the Budget year ²	124,075	123,968	107
Departmental expenses			
Departmental appropriation ³	113,251	82,967	30,284
s74 retained revenue receipts	3,703	5,934	(2,231)
Expenses not requiring appropriation in the Budget year ⁴	1,209	8,670	(7,461)
Total expenses for Outcome 2	2,017,330	2,714,490	(697,160)
Average staffing level (number)⁵	410	410	–

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Table A.4 Expenses for Outcome 3: Strengthening the sustainability, capacity and diversity of our cities and regional economies including through facilitating local partnerships between all levels of government and local communities; through reforms that stimulate economic growth; and providing grants and financial assistance

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 3.1: Regional Development			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	654,787	324,724	330,063
Other services (Appropriation Acts No.2 and No.4)	93,500	664	92,836
Special appropriations	83,412	–	83,412
Expenses not requiring appropriation in the Budget year ²	354,540	286,972	67,568
Total for Program 3.1	1,186,239	612,360	573,879
Program 3.2: Local Government			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	721	–	721
Other services (Appropriation Acts No.2 and No.4)	924,279	835,203	89,076
Special appropriations	1,240,676	2,605,753	(1,365,077)
Total for Program 3.2	2,165,676	3,440,956	(1,275,280)
Program 3.3: Cities			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	100	83	17
Expenses not requiring appropriation in the Budget year ²	8,389	4,721	3,668
Total for Program 3.3	8,489	4,805	3,684
Outcome 3 total	3,360,404	4,058,120	(697,716)

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	655,608	324,808	330,800
Other services (Appropriation Acts No.2 and No.4)	1,017,779	835,867	181,912
Special appropriations	1,324,088	2,605,753	(1,281,665)
Special accounts	–	–	–
Expenses not requiring appropriation in the Budget year ²	362,929	291,693	71,236
Departmental expenses			
Departmental appropriation ³	54,360	62,458	(8,098)
s74 retained revenue receipts	1,778	4,362	(2,584)
Expenses not requiring appropriation in the Budget year ⁴	580	4,909	(4,329)
Total expenses for Outcome 3	3,417,122	4,129,849	(712,727)
Average staffing level (number)⁵	250	229	21

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Table A.5 Expenses for Outcome 4: Good governance in the Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 4.1: Services to Territories			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	202,738	208,950	(6,212)
Special appropriations	1,380	–	1,380
Special accounts	21,661	8,289	13,372
Expenses not requiring appropriation in the Budget year ²	51,415	35,018	16,397
Total for Program 4.1	277,194	252,257	24,937
Outcome 4 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	202,738	208,950	(6,212)
Special appropriations	1,380	–	1,380
Special accounts	21,661	8,289	13,372
Expenses not requiring appropriation in the Budget year ²	51,415	35,018	16,397
Departmental expenses			
Departmental appropriation ³	29,355	26,289	3,066
s74 retained revenue receipts	960	1,898	(938)
Expenses not requiring appropriation in the Budget year ⁴	313	3,023	(2,710)
Total expenses for Outcome 4	307,822	283,467	24,355
Average staffing level (number)⁵	130	119	11

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Table A.6 Expenses for Outcome 5: 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

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 5.1: Digital Technologies and Communications Services			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	188,210	48,044	140,166
Special accounts	336,710	320,760	15,950
Payments to corporate entities	1,362,287	1,362,287	–
Expenses not requiring appropriation in the budget year	443,236	443,028	208
Total for Program 5.1	2,330,443	2,174,119	156,324
Outcome 5 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	188,210	48,044	140,166
Special accounts	336,710	320,760	15,950
Payments to corporate entities	1,362,287	1,362,287	–
Expenses not requiring appropriation in the Budget year ²	443,236	443,028	208
Departmental expenses			
Departmental appropriation ³	63,572	51,429	12,143
s74 external revenue	2,070	3,900	(1,830)
Special accounts	4,046	4,046	–
Expenses not requiring appropriation in the Budget year ⁴	676	4,748	(4,072)
Total expenses for Outcome 5	2,400,807	2,238,242	162,565
Average staffing level (number)⁵	355	293	62

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Table A.7 Expenses for Outcome 6: Participation in, and access to, Australia's art and culture through developing and supporting cultural expression

	Budget ¹ 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 6.1: Arts and Cultural Development			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	423,667	397,098	26,569
Special appropriations	3,500	3,500	–
Special accounts	500	500	–
Payments to corporate entities	466,109	466,109	–
Expenses not requiring appropriation in the Budget year ²	4,257	3,502	755
Total for Program 6.1	898,033	870,709	27,324
Outcome 6 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts No.1 and No.3)	423,667	397,098	26,569
Special appropriations	3,500	3,500	–
Special accounts	500	500	–
Payments to corporate entities	466,109	466,109	–
Expenses not requiring appropriation in the Budget year ²	4,257	3,502	755
Departmental expenses			
Departmental appropriation ³	44,089	28,388	15,701
s74 external revenue	1,442	2,675	(1,233)
Special accounts	6,138	4,480	1,658
Expenses not requiring appropriation in the Budget year ⁴	471	8,446	(7,975)
Total expenses for Outcome 6	950,173	914,698	35,475
Average staffing level (number) ⁵	201	166	35

1 Budget figures are based on the 2020–21 Portfolio Additional Estimates Statements (PAES).

2 Administered 'Expenses not requiring appropriation in the Budget year' comprises expenses relating to concessional loans, accruals, payments made from prior year appropriations and other non-cash expenses.

3 Departmental appropriation includes 'Ordinary annual services' (Appropriation Acts No.1 and No.3).

4 Departmental 'Expenses not requiring appropriation in the Budget year' relates to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual average staffing levels (ASL) figures reflect revised corporate overhead allocations at August 2020.

Appendix B: Audit and Risk Committee members

Table B.1 Members of the Audit and Risk Committee of the Department of Infrastructure, Transport, Regional Development and Communications

Member name and committee position	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/total number of meetings	Total annual remuneration (GST incl.)
Geoff Knuckey Independent chair Independent member, Financial Statements Sub-Committee (FSSC)	<p>Mr Knuckey is a former Partner of Ernst & Young where he specialised in financial statements auditing and advised on internal audit, corporate governance, risk management, and financial statements auditing and reporting. Mr Knuckey is currently chair or non-executive director of several private sector companies, and chair or independent member of audit and risk committees for a number of government entities.</p> <p>Mr Knuckey holds a Bachelor of Economics and is a Fellow of the Institute of Chartered Accountants in Australia, a Registered Company Auditor, Graduate Member of the Australian Institute of Company Directors, and a member of the Australian Institute of Internal Auditors.</p>	6/6 committee meetings 5/6 FSSC meetings	\$32,670
Ian McPhee AO PSM Independent member Independent chair, Financial Statements Sub-Committee	<p>Mr McPhee was the Auditor-General for Australia from 2005 to 2015 and was a former Deputy Secretary of the Financial Management Group at the Department of Finance.</p> <p>Mr McPhee's roles include being a non-executive director of a listed company and a council member of Central Queensland University, and chair and independent member of audit and risk committees for a number of government entities. Mr McPhee holds a Bachelor of Business (Accountancy) and Bachelor of Arts (Computing Studies). Mr McPhee is a Fellow of CPA Australia and a graduate of the Australian Institute of Company Directors.</p>	6/6 committee meetings 6/6 FSSC meetings	\$32,000

Member name and committee position	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/total number of meetings	Total annual remuneration (GST incl.)
Gayle Ginnane Independent member	<p>Ms Ginnane has previously held senior positions in the public sector with responsibility for regulation of the private health industry as well as chair and directorship roles in both the public and private sector.</p> <p>Ms Ginnane is currently chair or non-executive director of several private sector companies, and chair or independent member of audit and risk committees for a number of government entities.</p> <p>Ms Ginnane holds a Bachelor of Arts (Mathematics and Statistics), Bachelor of Economics, Master of Defence Studies and Graduate Diploma in Strategic Studies.</p>	<p>6/6 committee meetings</p> <p>3/3 FSSC meetings</p>	\$15,825
Carl Murphy Independent member	<p>Mr Murphy has previously held senior positions in the public sector including as the Chief Operating Officer at the former Department of Infrastructure, Transport, Cities and Regional Development.</p> <p>Mr Murphy holds a Master of Public Administration and Bachelor of Arts (First Class Honours).</p> <p>Mr Murphy is independent member of the Risk and Audit Committee – Treasury.</p> <p>Mr Murphy is a graduate member of the Australian Institute of Company Directors and a certified practising accountant.</p>	<p>6/6 committee meetings</p> <p>3/3 FSSC meetings</p>	\$12,938 GST exclusive
Susan Page PSM Independent member	<p>Ms Page previously held senior positions in the public sector, including Deputy Secretary positions with responsibility for infrastructure investment, regional services, territories, safety investigations, deregulation and best-practice regulation.</p> <p>Ms Page holds a Bachelor of Arts (Honours) and is an independent member on one other government entity audit and risk committee.</p>	<p>6/6 committee meetings</p> <p>3/3 FSSC meetings</p>	\$17,839 GST exclusive

Member name and committee position	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended/total number of meetings	Total annual remuneration (GST incl.)
Brendan McRandle PSM Departmental member	Mr McRandle is Deputy Secretary, responsible for Water Infrastructure, and Chief Executive Officer of the National Water Grid Authority.	5/6 committee meetings 1/3 FSSC meetings	NA
Pauline Sullivan Departmental member	Ms Sullivan is First Assistant Secretary, Online Safety, Media and Platforms.	6/6 committee meetings 0/3 FSSC meetings	NA

Appendix C: Employee statistics

The Department of Finance's Resource Management Guide No. 135 titled 'Annual reports for non-corporate Commonwealth entities' requires the inclusion of a range of employee statistics for the department relating to the current and previous reporting periods.

All employees: gender, location, and full-time and part-time status

Tables C.1 to C.4 present the number of departmental employees (including by reference to ongoing and non-ongoing) by gender, location, and full-time and part-time status at 30 June 2021 and 30 June 2020.

Table C.1 All ongoing employees, current report period (at 30 June 2021)^{a,b}

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
NSW	24	–	24	35	6	41	65
Qld	1	–	1	3	1	4	5
SA	–	–	–	1	2	3	3
Tas	1	–	1	1	–	1	2
Vic	13	1	14	11	4	15	29
WA	5	–	5	5	3	8	13
ACT	549	32	581	705	147	852	1,433
NT	–	1	1	4	–	4	5
Norfolk Island	4	–	4	3	1	4	8
Overseas	2	1	3	–	–	–	3
Total	599	35	634	768	164	932	1,566

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No ongoing employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

Table C.2 All non-ongoing employees, current report period (at 30 June 2021)^a

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	2	–	2	2	–	2	–	–	–	4
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–	–	–	–
Vic	–	–	–	1	–	1	–	–	–	1
WA	–	–	–	–	–	–	–	–	–	–
ACT	18	9	27	41	7	48	1	–	1	76
NT	–	–	–	–	–	–	–	–	–	–
Norfolk Island	1	–	1	1	–	1	–	–	–	2
Overseas	1	–	1	–	–	–	–	–	–	1
Total	22	9	31	45	7	52	1	–	1	84

^a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

Table C.3 All ongoing employees, previous report period (at 30 June 2020)^{a,b}

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
NSW	25	–	25	34	8	42	67
Qld	1	–	1	4	2	6	7
SA	–	–	–	–	3	3	3
Tas	1	–	1	1	–	1	2
Vic	11	–	11	14	3	17	28
WA	5	–	5	4	4	8	13
ACT	524	33	557	627	124	751	1,308
NT	–	1	1	2	–	2	3
Indian Ocean Territories	–	–	–	1	–	1	1
Norfolk Island	3	–	3	3	–	3	6
Overseas ^c	1	–	1	–	–	–	1
Total	571	34	605	690	144	834	1,439

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

c In April 2020, as part of an Australian Public Service wide repatriation effort in response to COVID-19, 2 departmental staff were repatriated from Papua New Guinea and a third staff member was repatriated from Indonesia.

Table C.4 All non-ongoing employees, previous report period (at 30 June 2020)^{a,b}

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
NSW	1	1	2	3	2	5	7
Qld	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–
Tas	–	–	–	–	–	–	–
Vic	1	1	2	1	–	1	3
WA	–	–	–	–	–	–	–
ACT	13	7	20	28	5	33	53
NT	–	–	–	–	–	–	–
Indian Ocean Territories	–	–	–	–	–	–	–
Norfolk Island	–	–	–	2	–	2	2
Overseas	1	–	1	–	–	–	1
Total	16	9	25	34	7	41	66

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

Public Service Act 1999 employees: classification levels, full-time and part-time status, gender and location

Tables C.5 to C.9 present the number of *Public Service Act 1999* (PS Act) employees in the department (including by reference to ongoing and non-ongoing) by classification levels, full-time and part-time status, gender and location at 30 June 2021 and 30 June 2020.

Table C.5 PS Act ongoing employees, current report period (at 30 June 2021)^{a,b}

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	–	3	2	–	2	5
SES 2	6	–	6	13	–	13	19
SES 1	27	–	27	32	1	33	60
EL 2	115	8	123	113	18	131	254
EL 1	191	13	204	234	82	316	520
APS 6	128	8	136	182	41	223	359
APS 5	85	3	88	104	15	119	207
APS 4	17	2	19	51	5	56	75
APS 3	23	–	23	26	1	27	50
APS 2	2	1	3	3	1	4	7
APS 1	1	–	1	8	–	8	9
Other ^c	1	–	1	–	–	–	1
Total	599	35	634	768	164	932	1,566

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No ongoing employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

c Other includes the Secretary of the department.

Table C.6 PS Act non-ongoing employees, current report period (at 30 June 2021)^a

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–	–	–	–
SES 2	–	–	–	–	–	–	–	–	–	–
SES 1	–	–	–	–	–	–	–	–	–	–
EL 2	3	–	3	3	–	3	–	–	–	6
EL 1	3	2	5	8	–	8	–	–	–	13
APS 6	8	1	9	8	1	9	–	–	–	18
APS 5	6	–	6	13	–	13	–	–	–	19
APS 4	2	3	5	13	1	14	–	–	–	19
APS 3	–	1	1	–	4	4	–	–	–	5
APS 2	–	–	–	–	1	1	–	–	–	1
APS 1	–	2	2	–	–	–	1	–	1	3
Other ^b	–	–	–	–	–	–	–	–	–	–
Total	22	9	31	45	7	52	1	0	1	84

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b Other includes the Secretary of the department.

Table C.7 PS Act ongoing employees, previous report period (at 30 June 2020)^{a,b}

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	–	3	3	–	3	6
SES 2	5	–	5	11	–	11	16
SES 1	28	–	28	32	–	32	60
EL 2	113	6	119	87	18	105	224
EL 1	182	14	196	222	63	285	481
APS 6	128	9	137	174	40	214	351
APS 5	62	2	64	79	14	93	157
APS 4	22	2	24	56	8	64	88
APS 3	23	–	23	23	–	23	46
APS 2	2	1	3	1	1	2	5
APS 1	2	–	2	2	–	2	4
Other ^c	1	–	1	–	–	–	1
Total	571	34	605	690	144	834	1,439

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

c Other includes the Secretary of the department.

**Table C.8 PS Act non-ongoing employees, previous report period
(at 30 June 2020)^{a,b}**

	Male			Female			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–
SES 2	–	–	–	–	–	–	–
SES 1	–	–	–	–	–	–	–
EL 2	3	1	4	4	–	4	8
EL 1	3	2	5	3	2	5	10
APS 6	2	–	2	3	1	4	6
APS 5	5	1	6	9	–	9	15
APS 4	2	–	2	13	1	14	16
APS 3	1	3	4	2	–	2	6
APS 2	–	–	–	–	2	2	2
APS 1	–	2	2	–	1	1	3
Other	–	–	–	–	–	–	–
Total	16	9	25	34	7	41	66

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

b No employees identified their gender as indeterminate, therefore the tables give male and female statistics only.

Table C.9 PS Act Aboriginal and/or Torres Strait Islander employment (at 30 June 2020 and 30 June 2021)^a

	2019–20	2020–21
Ongoing	41	37
Non-ongoing	3	–
Total	44	37

a Excludes inoperative employees on long-term leave, holders of public office and employees under the employment authority of the Indian Ocean Territories Administration.

Public Service Act 1999 employees: employment arrangements

Tables C.10 and C.11 present the number of senior executive service (SES) and non-SES employees covered by any enterprise agreement, individual flexibility arrangements, Australian workplace agreements, common law contracts or determinations under subsection 24(1) of the PS Act during 2020–21. No performance bonuses were paid during the reporting period.

Table C.10 PS Act employment arrangements, current report period (at 30 June 2021)^a

	SES	Non-SES	Total
Individual determination under subsection 24(1) of the PS Act	85	1	86
Department of Infrastructure and Regional Development Enterprise Agreement 2016	–	1,565	1,565 (123) ^b
Subsection 24(1) Determination (Salaries and Allowances for Non-SES employees) 2019/10	–	1,565	1,565

^a Excludes inoperative employees and holders of public office. Non-SES employees are covered by 2 workplace arrangements: the Department of Infrastructure and Regional Development Enterprise Agreement 2016 and the subsection 24(1) Determination (Salaries and Allowances for Non-SES employees) 2019/10.

^b Employees with individual flexibility arrangements are shown in brackets.

Table C.11 PS Act employment salary ranges by classification level (minimum and maximum), current report period (at 30 June 2021)^a

	Minimum salary	Maximum salary
SES 3	\$354,467	\$368,787
SES 2	\$242,097	\$303,800
SES 1	\$199,653	\$259,590
EL 2	\$125,220	\$195,623
EL 1	\$106,141	\$141,641
APS 6	\$82,635	\$105,616
APS 5	\$74,667	\$83,793
APS 4	\$54,508	\$75,918
APS 3	\$60,363	\$65,179
APS 2	\$52,909	\$58,410
APS 1	\$49,577	\$51,458

^a Individual flexibility arrangements and salary maintenance have been reflected in the salary figures for these classifications. The Secretary has been excluded; please refer to the key management personnel remuneration table (in Appendix D) for details on the Secretary's remuneration.

Indian Ocean Territories: employment arrangements

Table C.12 presents the number of staff employed under the Territory of Christmas Island Administration Ordinance 1968 and the Territory of Cocos (Keeling) Islands Administration Ordinance 1975. These staff are excluded from employee numbers reported under the PS Act.

Table C.12 All staff employed under the Indian Ocean Territories Administration, by employment type, current and previous report period^{a,b}

	30 June 2020	30 June 2021
Ongoing	67	65
Non-ongoing	40	46
Casual	62	57
Total	169	168

a Includes all employees employed under the Territory of Christmas Island Administration Ordinance 1968 and the Territory of Cocos (Keeling) Islands Administration Ordinance 1975.

b Excludes the Administrator for Christmas Island and Cocos (Keeling) Islands.

Appendix D: Executive remuneration

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

The department's SES remuneration policy is designed to position the department competitively in the Australian Public Service SES market while remaining consistent with the objectives of the government's Public Sector Workplace Relations Policy 2018. The department monitors and evaluates the competitiveness of SES remuneration annually through the results of the Australian Public Service Remuneration Report.

A pause on SES wage rises was implemented in March 2020 following a request from the government and consistent with pauses on wage rises for secretaries and other office holders subject to the Remuneration Tribunal. This continued throughout the 2020–21 financial year.

Tables D.1 to D.3 present remuneration information for key management personnel, senior executives and other highly paid employees.

Table D.1 Information about remuneration for key management personnel

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits			Total remuneration
		Base salary ³	Bonuses	Other benefits and allowances		Superannuation contributions ⁴	Long service leave	Other long-term benefits	
Simon Atkinson	Secretary	678,022	-	-	102,110	17,306	-	-	797,439
Pip Spence PSM ¹	Deputy Secretary	325,936	-	-	61,227	8,447	-	-	395,610
Dr Rachel Bacon	Deputy Secretary	344,617	-	-	67,973	9,039	-	-	421,628
Richard Windeyer	Deputy Secretary	363,084	-	-	65,291	9,002	-	-	437,377
Dr Stephen Amott (a/g) PSM ²	Deputy Secretary	96,403	-	-	10,170	1,826	-	-	108,400
Christine Dacey	Chief Operating Officer	358,574	-	-	57,135	8,861	-	-	424,571
David Hallinan	Deputy Secretary	374,871	-	-	59,857	8,358	-	-	443,086
Brendan McRandle PSM	Deputy Secretary	345,180	-	-	64,705	8,861	-	360,129	778,876

Notes:

1. Occupied a key management personnel position for part of the financial year.
2. Acted in a key management personnel position for part of the financial year.
3. Base salary is calculated as total cash salary paid during the financial year, with an adjustment for annual leave and long service leave, where leave taken during the year is higher or lower than the amount accrued.
4. Superannuation is calculated as actual superannuation contributions made during the year.

Table D.2 Information about remuneration for senior executives

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits			Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average other superannuation contributions	Average long service leave	Average other long-term benefits				
\$0 – \$220,000	20	94,567	–	352	17,294	3,825	–	–	–	9,618	125,656
\$220,001 – \$245,000	21	196,498	–	25	32,371	5,459	–	–	–	–	234,353
\$245,001 – \$270,000	20	205,074	–	433	36,469	5,483	–	–	–	5,771	253,229
\$270,001 – \$295,000	15	226,830	–	439	40,800	6,500	–	–	–	8,848	283,417
\$295,001 – \$320,000	7	255,995	–	167	46,199	6,846	–	–	–	–	309,206
\$320,001 – \$345,000	6	275,280	–	972	48,823	8,321	–	–	–	–	333,397
\$345,001 – \$370,000	1	292,428	–	–	55,353	7,369	–	–	–	–	355,151
\$395,001 – \$420,000	1	201,773	–	–	39,678	7,208	–	–	–	160,203	408,863
\$635,001 – \$650,000	1	287,472	–	–	54,951	7,308	–	–	–	296,960	646,691

Notes:

Remuneration is calculated on an accrual basis and excludes short-term acting arrangements.

Short-term benefits includes the value of annual leave accrued during the financial year, rather than leave taken. Long-term benefits reflects the value of long service leave accrued during the year, rather than any leave taken.

No remuneration was provided in the form of bonuses or other long-term benefits, other than long service leave.

Remuneration for senior executives excludes employees classified as key management personnel in Table D.1.

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

Table D.3 Information about remuneration for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits	Total remuneration
		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration	
\$245,001 – \$270,000	1	150,183	–	65,227	26,768	–	3,518	–	245,696	
\$270,001 – \$295,000	1	177,542	–	71,995	25,688	–	4,170	–	279,395	

Notes:

Other benefits and allowances include overseas allowances, accommodation and fringe benefits tax paid on behalf of APS employees posted overseas. The benefits and allowances are paid to compensate for the differences in locations such as cost of living, hardship and security environments. The benefits and allowances also cover additional costs incurred, such as family medical and educational costs, to ensure posted employees are not disadvantaged.

No remuneration was provided in the form of bonuses or other long-term benefits, other than long service leave.

Appendix E: Advertising and market research

During 2020–21, the department conducted one advertising campaign: Building Our Future.

Further information on this advertising campaign is available at buildingourfuture.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the [Department of Finance's website](#).

Tables E.1 to E.3 list advertising and market research payments of more than \$13,800 (GST inclusive) made during 2020–21, as required by section 311A of the [Commonwealth Electoral Act 1918](#).

Table E.1 Advertising entities

Organisation name	Purpose	Amount of payment (excluding GST)
TBWA	Creative services	\$1,298,921
Total advertising entities		\$1,298,921

Table E.2 Market research organisations

Organisation name	Purpose	Amount of payment (excluding GST)
Hall & Partners	Tracking and evaluation research	\$110,819
JWS Research	Developmental research and concept testing research	\$336,000
Essence Communications Pty Ltd	Communication research	\$108,740
Total market research organisations		\$555,559

Table E.3 Media advertising organisations

Organisation name	Purpose	Amount of payment (excluding GST)
Mediabrand Australia Pty Ltd	Public notices (various) and non-campaign advertising	\$411,165
Universal McCann	Campaign media buying and placement services	\$3,491,878
Total media advertising		\$3,903,043

Appendix F: Ecologically sustainable development and environmental performance

This report is made under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

The department recognises the importance of the 5 principles of ecologically sustainable development (integration, precaution, intergeneration, biodiversity and valuation) and is committed to implementing these principles in its operations. This is demonstrated through our decision-making processes which always consider both short-term and long-term impacts, and through a range of initiatives which seek, where practical, to limit the consumption of office energy and other resources.

Environmental initiatives include:

- > energy-efficient lighting
- > automated lighting controls which switch off non-essential lighting outside of work hours
- > open-plan floor design which maximises access to natural light
- > best practice in the use of paints, adhesives and materials with low volatile organic compound components in the construction of fitouts, including at individual workstations
- > recycling (including secure where needed) of paper, glass, plastic, metal and organic waste – provision of centralised collection points allows for an increased uptake of recycling and organic waste disposal and a reduction in the department's environmental footprint.

The department used 3.1% (350 GJ) green energy across its portfolio and has achieved a National Australian Built Environment Rating System (NABERS) energy rating of 4.5 stars at Alinga Street and 62 Northbourne Avenue and 5 stars at Phillip Law Street. Total energy consumption in 2020–21 was 10,816 GJ. As a result of staff working from home in response to COVID-19, comparative figures for total energy consumption, areas occupied and electricity used per person per square metre are not available at this time.

No breaches of environmental laws or licences by the department were reported during 2020–21.

Appendix G: Work health and safety

This report is made under schedule 2 part 4 of the Work Health and Safety Act 2011.

The safety and wellbeing of our people continued to be a key area of focus, particularly as we continued to face the challenge of responding to the COVID-19 pandemic. The department was one of the first agencies to undergo a Comcare proactive inspection to determine compliance with our obligations under the *Work Health and Safety Act 2011* in relation to management of COVID-19 risks.

More generally, in 2020–21, we continued our focus on prevention strategies, through our health, wellbeing and early-intervention programs and understanding our key work health and safety (WHS) risks as a newly established department.

Initiatives included:

- > conducting WHS risk workshops to inform development of WHS risk registers
- > establishing a new WHS work group structure
- > offering workstation assessments to new workers with the department
- > implementing annual mandatory WHS training for all workers
- > delivering activities for healthy living month and safe work month
- > developing resources that address bullying and harassment.

The Work Health and Safety Committee continued to meet quarterly throughout the year.

Table G.1 provides a summary of health and safety outcomes in accordance with the Work Health and Safety Act.

Table G.1 Summary of health and safety outcomes

Health and safety outcomes	2020–21
Incidents notified to Comcare	6
Notices received from Comcare under Part 10 of the Work Health and Safety Act	Nil
Inspector reports issued by Comcare	Nil
Provisional improvement notices issued by health and safety representatives	Nil
Incidents registered on the reporting system ^a	88
Corrective actions identified in the reporting system completed	90%
Accepted workers compensation claims ^b	17
Claims for lost time from new claims	Nil
Total weeks lost from new claims through incapacity	Nil
Average time off work per injury (weeks) from new claims	Nil
Average cost per accepted compensation claim	\$48,210
Employees using the Employee Assistance Program	10%
Days of unscheduled absence per full-time equivalent employed ^c	11.1

a Includes all incidents, hazards and near misses reported in the reporting system including those that may not have arisen out of the conduct of business or undertaking by the entity.

b Includes claims accepted for former employees.

c Unscheduled absence includes sick leave, carer's leave, unauthorised absences and compassionate/bereavement leave. Workers compensation leave is not included.

Appendix H: Australian Broadcasting Corporation Board

This report is made under section 24Y of the *Australian Broadcasting Corporation Act 1983*.

Under subsection 12(1) of the Act, the Australian Broadcasting Corporation (ABC) Board consists of a managing director, a chairperson, a staff-elected director and not fewer than 4 nor more than 6 other directors.

Section 24Y of the Act requires our annual report to include a statement in relation to each selection process during the year for board appointments other than the managing director and staff-elected director.

In 2020–21 Mr Peter Tonagh, Mr Mario D’Orazio and Mrs Fiona Balfour were appointed as non-executive directors for 5-year terms.

Appendix I: Aviation legislation

Reports under aviation legislation

Section 29(1) of the [Air Navigation Act 1920](#) requires the department to report annually on the administration and operation of the Act and its regulations. This includes other civil aviation matters the Secretary considers should be included in the report.

In 2020–21, the department continued to regulate scheduled international air services in accordance with the [Air Navigation Act 1920](#) and associated regulations, granting approvals for 253 timetables, 4,312 timetable variations, 220 non-scheduled flights and one new international airline licence.

Due to the continuing impact of COVID-19 on the international aviation industry, there has been a marked change in the volume of [Air Navigation Act 1920](#) regulatory approvals. Specifically, there has been a decrease on the previous year in timetable approvals due to fewer international airlines operating to Australia, and a significant increase in timetable variations (initiated by both the Commonwealth and airline operators) as a result of the introduction of international passenger arrival caps which commenced in July 2020 and were in place throughout 2020–21.

Environment authorisation and protection orders

Paragraph 5.15(2) of the [Airports \(Environment Protection\) Regulations 1997](#) requires the department to report notification of environmental authorisations.

The department can authorise an airport to undertake action that may result in environmental emissions limits being exceeded, where the emissions would be no more damaging to the environment than if the limits were met. In the reporting period, 2 environmental authorisations were given.

The department may make an environment protection order under part 7, division 1 of the [Airports \(Environment Protection\) Regulations 1997](#), directing an airport to comply with a duty to avoid polluting to preserve habitat, or to prevent offensive noise. No environment protection orders were made during the reporting period.

Aircraft noise levy collection

Section 20 of the [Aircraft Noise Levy Collection Act 1995](#) requires our annual report to include information on adherence to that Act and to the [Aircraft Noise Levy Act 1995](#).

For 2020–21, refer to [Airservices Australia Annual Report Appendix C: Aircraft noise Ombudsman Annual Report](#).

Appendix J: National land transport

Section 94 of the National Land Transport Act 2014 requires an annual report on the operation of the Act at the end of each financial year that ends after the commencement of Parts 3, 4, 5, 7 and 8. For information on the operation of this Act see Part 4.

Appendix K: Legal services expenditure

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

The expenditure reported below is the total expenditure by the Department of Infrastructure, Transport, Regional Development and Communications.

For 2020–21, our legal expenditure was:

- > \$5.928 million for total external legal services expenditure
- > \$3.836 million for total internal legal services expenditure.

PART 7

Reference material

Glossary	266
Abbreviations and acronyms	270
List of requirements	272
Alphabetical index	281

Glossary

5G	The next step in the evolution of mobile wireless communications technology, promising improved connectivity, greater network speeds and bandwidth, and very low latency.
Administered item	A component of an administered program.
Administrative Arrangements Order	A document that provides for the arrangements of government administration, including the matters that are dealt with by each department and the legislation administered by each minister.
Air services arrangements	Treaty-level aviation agreements negotiated with international governments. Air services arrangements may contain provisions on the routes airlines can fly, the number of flights that can be operated, tariffs and the number of airlines designated to operate services.
Australian Public Service employee	A person engaged under section 22, or a person who is engaged as an Australian Public Service employee under section 72, of the <i>Public Service Act 1999</i> .
Black spot	A road site identified as a high-risk area for serious crashes.
Building Better Regions Fund	This is helping regional communities and businesses that have been disproportionately affected by drought, bushfires and the COVID-19 pandemic towards the path to economic recovery. It creates jobs, drives economic growth and builds stronger communities through community program investments.
Carriers	Holders of a telecommunications carrier licence.
Classification Board	The body established under the <i>Classification (Publications, Films and Computer Games) Act 1995</i> that classifies films, computer games and publications for exhibition, sale or hire in Australia.
CO₂ emissions	Emissions of carbon dioxide, the primary greenhouse gas contributing to climate change. Other greenhouse gases include nitrous oxide and methane. In vehicles, CO ₂ is the principal greenhouse gas emitted.

Community Development Grants Program	Supports needed infrastructure that promotes stable, secure and viable local and regional economies.
Corporate governance	The process by which entities are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
COVID-19 Arts Sustainability Fund	Provides 'last resort' funding assistance to significant Australian Government funded arts organisations at imminent risk due to COVID-19 that have taken all reasonable action to maintain their financial position.
Creative Economy Support Package	Supported the recovery of the creative and cultural sectors from the impacts of the COVID-19 pandemic.
Division	An organisational unit within the department, which is managed by a First Assistant Secretary and reports to the Secretary.
Ecologically sustainable development	Using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained and the total quality of life, now and in the future, can be increased.
Enterprise agreement	An agreement made at enterprise level between employers and employees about the terms and conditions of employment.
Federally leased airport	The leased federal airports in each state and territory that were granted long-term leases to private entities between 1997 and 2003.
Financial results	The results shown in the financial statements of an entity.
Fixed line	A network in which voice, data or broadband services are delivered over a physical line.
Free-to-air	The broadcast services available without a subscription or fee.
Freight	Goods transported by truck, train, ship or aircraft.
Grant	Australian Government financial assistance as defined under the Commonwealth Grants Rules and Guidelines.

JobMaker program	Program to restart Australia's creative economy which are expected to generate jobs.
Location Incentive	Funding designed to attract international screen productions to locate to Australia.
Mobile black spot	A location with poor or non-existent mobile coverage.
Mobile Network Hardening Program	To improve telecommunications resilience in recognition that most outages are caused by power failures during emergencies.
National Classification Scheme	A cooperative arrangement between the Australian Government and state and territory governments under which the Classification Board classifies films, computer games and certain publications.
Non-ongoing Australian Public Service employee	A person engaged as an Australian Public Service employee under subsection 22(2)(b) or 22(2)(c) of the Public Service Act 1999.
Ongoing Australian Public Service employee	A person engaged as an ongoing Australian Public Service employee under subsection 22(2)(a) of the Public Service Act 1999.
Online Safety Act 2021	New and strengthened schemes and enhanced reporting requirements for the eSafety Commissioner.
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an entity.
Outcomes	The results, impacts or consequences of actions by the Australian Government on the Australian community – these should be consistent with those listed in the entity's Portfolio Budget Statements and Portfolio Additional Estimates Statements.
Performance information	Evidence about performance that is collected and used systematically and may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention – performance information may be quantitative (numerical) or qualitative (descriptive), and it should be verifiable.

Portfolio Budget Statements	A budget-related paper detailing budget initiatives and appropriations, by outcome and program, for each entity within a portfolio.
Program	An activity or group of activities that delivers benefits or services or transfers payments to individuals, industry or the community as a whole.
Public Interest News Gathering program	Provides support to public interest news journalism during the COVID-19 pandemic.
Purpose	The objectives, functions or role of the entity or company. In relation to performance management, purposes are the reasons or ideal state or outcomes, for which the entity or company undertakes its activities.
QR code	A machine-readable quick response matrix barcode containing information about the item it is attached to.
Regional Development Australia committees	A national network of committees established as part of the Regional Development Australia initiative to achieve the objective of bringing together all levels of government to enhance the development of Australia's regions.
Restart Investment to Sustain and Expand (RISE) fund	To support the arts sector to recover from the impacts of COVID-19.
Strengthening Telecommunications Against Natural Disasters	To fund temporary telecommunications facilities to better support communications in times of natural emergencies.
Stronger Communities Program	Provides funding for small capital projects that deliver social benefits for local communities across Australia.
Temporary Interruption Fund	To enable Australian film and television projects to secure financing and start filming with COVID-safe plans.
Universal Service Obligation	The obligation placed on universal service providers of telecommunications to ensure that all people in Australia, wherever they reside or carry on business, have reasonable access, on an equitable basis, to standard telephone services, including payphones.

Abbreviations and acronyms

5G	fifth generation
AASB	Australian Accounting Standards Board
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
ACT	Australian Capital Territory
AML	Advanced Mobile Location
AO	Order of Australia
APG	Asia-Pacific Telecommunity Conference Preparatory Group
APS	Australian Public Service
ARTC	Australian Rail Track Corporation
BBRF	Building Better Regions Fund
BITRE	Bureau of Infrastructure and Transport Research Economics
CO ₂	carbon dioxide
COAG	Council of Australian Governments
COO	Chief Operating Officer
DANS	Domestic Aviation Network Support
EL	Executive Level
EME	electromagnetic energy
FOI	freedom of information
FSSC	Financial Statements Sub-Committee
Gbps	gigabits per second
GDP	gross domestic product
GHz	gigahertz
GPS	Global Positioning System
GST	goods and services tax
ICT	information communications and technology
ITU	International Telecommunication Union
KMP	key management personnel

Mbps	megabits per second
MHz	megahertz
MYEFO	mid-year economic and fiscal outlook
NBN	National Broadband Network
NSW	New South Wales
NT	Northern Territory
PBS	Portfolio Budget Statements
PGPA	Public Governance, Performance and Accountability
PING	Public Interest News Gathering
PS Act	<i>Public Service Act 1999</i>
PSM	Public Service Medal
Qld	Queensland
RANS	Regional Airline Network Support
RASS	Remote Air Services Subsidy
RBS	Regional Broadband Scheme
RDA	Regional Development Australia
RIS	Regulation Impact Statement
RISE	Restart Investment to Sustain and Expand
SA	South Australia
SBS	Special Broadcasting Service
SES	senior executive service
STAND	Strengthening Telecommunications Against Natural Disasters
Tas	Tasmania
TV	television
UNESCO	United Nations Educational, Scientific and Cultural Organization
USO	Universal Service Obligation
Vic	Victoria
WA	Western Australia
WHS	work health and safety
WRC-23	World Radiocommunication Conference 2023
WSA	Western Sydney Airport Co Limited

List of requirements

Table R.1 This table reproduces the table set out in Schedule 2 of the PGPA Rule as an aid of access.

PGPA Rule reference	Description	Requirement	Part	Page
17AD(g)	Letter of transmittal			
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	Letter of Transmittal	iii
17AD(h)	Aids to access			
17AJ(a)	Table of contents	Mandatory	Contents	iv–v
17AJ(b)	Alphabetical index	Mandatory	Part 7	281
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	Part 7	266–271
17AJ(d)	List of requirements	Mandatory	Part 7	272–280
17AJ(e)	Details of contact officer	Mandatory	Publication details	ii
17AJ(f)	Entity's website address	Mandatory	Publication details	ii
17AJ(g)	Electronic address of report	Mandatory	Publication details	ii
17AD(a)	Review by accountable authority			
17AD(a)	A review by the accountable authority of the entity	Mandatory	Part 1	11–13
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	Part 2	21
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	Part 2	24–27
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	Part 2	21–23

PGPA Rule reference	Description	Requirement	Part	Page
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory	Part 2	21
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory	Part 2	20
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	Part 2	20
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	Part 2	20
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments – mandatory	Part 2	26–29
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	Not applicable	
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory	Part 4	51–141
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	Part 1	14–17
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	Appendix A	230–239
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, mandatory	Not applicable	

PGPA Rule reference	Description	Requirement	Part	Page
17AD(d)	Management and accountability			
	Corporate governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	Part 3	35
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	Letter of transmittal	iii
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	Letter of transmittal	iii
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	Letter of transmittal	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	Part 3	32–36
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance	If applicable, mandatory	Not applicable	
	Audit Committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory	Part 3	34
17AG(2A)(b)	The name of each member of the entity's audit committee	Mandatory	Part 3	240–242
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory	Part 3	240–242
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory	Part 3	240–242
17AG(2A)(e)	The remuneration of each member of the entity's audit committee	Mandatory	Part 3	240–242

PGPA Rule reference	Description	Requirement	Part	Page
External scrutiny				
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	Part 3	37
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	Not applicable	
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman	If applicable, mandatory	Part 3	37
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	Not applicable	
Management of human resources				
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	Part 3	38–43
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. full-time employees b. part-time employees c. gender d. staff location	Mandatory	Appendix C	243–246
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: a. full-time employees b. part-time employees c. gender d. staff location e. employees who identify as Indigenous	Mandatory	Appendix C	247–250
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act</i> 1999	Mandatory	Part 3 and Appendix C	40, 251–252

PGPA Rule reference	Description	Requirement	Part	Page
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c)	Mandatory	Appendix C	251
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	Appendix C	251
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	Part 3	40–41
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	Not applicable	
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	Not applicable	
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	Not applicable	
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	Not applicable	
Assets management				
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	Part 3	44
Purchasing				
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	Part 3	44
Consultants				
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	Part 3	45–46

PGPA Rule reference	Description	Requirement	Part	Page
17AG(7)(b)	A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”	Mandatory	Part 3	46
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	Part 3	45
17AG(7)(d)	A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”	Mandatory	Part 3	45
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	Part 3	46
17AG(7A)(b)	A statement that “Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”	Mandatory	Part 3	46
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		Part 3	46
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	Part 3	45–46

PGPA Rule reference	Description	Requirement	Part	Page
Australian National Audit Office access clauses				
17AG(8)	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	Not applicable	
Exempt contracts				
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, mandatory	Not applicable	
Small business				
17AG(10)(a)	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	Part 3	47
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	Part 3	47
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, mandatory	Part 3	47

PGPA Rule reference	Description	Requirement	Part	Page
Financial statements				
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	Part 5	143–226
Executive remuneration				
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule	Mandatory	Appendix D	253–256
17AD(f)	Other mandatory information			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory	Appendix E	257
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	Not applicable	
17AH(1)(b)	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory	Parts 1 and 3	48
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	Part 3	43
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	Part 3	36
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	Not applicable	

PGPA Rule reference	Description	Requirement	Part	Page
17AH(2)	Information required by other legislation – see below	Mandatory		
	Advertising and Market Research (section 311A) of the <i>Commonwealth Electoral Act 1918</i> and statement on advertising campaigns		Appendix E	257
	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)		Appendix F	258
	Work health and safety update (schedule 2, part 4 of the <i>Work Health and Safety Act 2011</i>)		Appendix G	259
	Report under section 24Y of the <i>Australian Broadcasting Corporate Act 1983</i>		Appendix H	261
	Information required under: <ul style="list-style-type: none"> > paragraph 5.15(2) of the <i>Airports (Environment Protection) Regulations 1997</i> > section 29 of the <i>Air Navigation Act 1920</i> > section 20 of the <i>Aircraft Noise Levy Collection Act 1995</i> 		Appendix I	262
	An annual report on the operation of the <i>National Land Transport Act 2014</i> , as required under section 94 of the <i>National Land Transport Act 2014</i>		Appendix J	263
	Report under section 47 of the <i>Protection of Movable Cultural Heritage Act 1986</i>	Mandatory	Performance Measure – 69	135
	Legal services expenditure (paragraph 11.1(ba) of the <i>Legal Services Directions 2017</i>)	Mandatory	Appendix K	264

Alphabetical index

5G

- Australian 5G Innovation Initiative 119
- EME levels 114
- investment in 113
- spectrum allocations 8, 113

A

- abbreviations and acronyms 270–1
- ABC see Australian Broadcasting Corporation (ABC)
- Aboriginal and Torres Strait Islander arts and culture 131–2, 140
- Aboriginal and Torres Strait Islander businesses, support for 3, 47
- Aboriginal and Torres Strait Islander Employment and Retention Strategy 2020–2022 42
- Aboriginal and Torres Strait Islander languages 131–2, 140
- Aboriginal and Torres Strait Islander peoples employment 3, 42, 250
 - 'Innovate' Reconciliation Action Plan 43
 - repatriation of ancestors 132
 - training programs 40
- accessible public transport, reforms to disability standards 73–4
- accountable authority 20, 32
- administered cash flow statement 160–1
- administered finances 15–17
- administered reconciliation schedule 158–9
- administered schedule of assets and liabilities 157
- administered schedule of comprehensive income 156
- advertising and market research 257
- Air Navigation Act 1920 262
- Air New Zealand 97
- Aircraft Noise Levy Act 1995 262
- aircraft noise levy collection 262
- Aircraft Noise Levy Collection Act 1995 262
- Airports (Environment Protection) Regulations 1997 262
- Airservices Australia 28, 67
 - waiver of domestic airline charges 16
- Albury Wodonga Deal 82, 83
- annual performance statements 51–141
 - communications connectivity 53, 101–23
 - creativity and culture 53, 124–41
 - performance snapshot 53–4
 - regional development 53, 78–94
 - results reported this year 55
 - statement of preparation 52
 - structure 56
 - territories 53, 95–100
 - transport connectivity 53, 57–77
- Arnott, Stephen 24, 25, 26, 254
- Artbank Collection 25, 44
 - operations 132
- arts agency appropriations 139
- arts and cultural activities
 - inclusion, preserving and celebrating Indigenous languages, arts and culture 131–2
 - inclusion of people with disability 130
 - inclusion of regional and remote Australians 130–1
- arts and cultural development program, administered items 139–40
- Ashmore Island 95
- Asia-Pacific Economic Cooperation (APEC) Telecommunication and Information Working Group 116
- Asia-Pacific Telecommunity 116
 - Conference Preparatory Group (APG) for the World Radiocommunications Conference 2023 (WRC-23) 116
- assets 44
- Assistant Minister for Regional Development and Territories 7, 20
- Assistant Minister for Road Safety and Freight Transport 20
- Assistant Minister to the Deputy Prime Minister 20
- Assurance and Risk Branch 35
- Atkinson, Simon iii, 11–13, 20, 24, 25, 26, 52, 149, 254
 - see also Secretary

- Audit and Risk Committee 32, 33, 34, 35, 36
 - members and meetings attended 240–2
- AusTender 44, 45, 48
- Australasian Performing Right Association 134
- Australia Council 28, 139
- Australia Post 29, 115
 - complaints about 107, 108
 - effectiveness of department's oversight 117
 - percentage of Community Service Obligations (CSOs) met 103
 - review of 117
- Australian 5G Innovation Initiative 8, 119
- Australian Associated Press Limited (AAP) Newswire 122
- Australian Border Force 10, 136
- Australian Broadcasting Corporation (ABC) 28, 133, 138
 - audio description of TV programs 106
 - oversight 138–9
- Australian Broadcasting Corporation Act 1983 261
- Australian Broadcasting Corporation Board 262
 - non-executive directors 261
- Australian Bureau of Statistics 105
- Australian Capital Territory 95
- Australian Communications and Media Authority (ACMA) 28, 105, 106, 107, 108, 116, 119, 133
 - broadcaster content obligations 125
 - effectiveness of department's oversight 117
 - spectrum auctions 8, 113, 114
- Australian Competition and Consumer Commission (ACCC) 104, 105
 - Digital Platform Inquiry recommendations 122
 - Measuring Broadband Australia reporting 109, 110
- Australian Copyright Council 133
- Australian Digital Inclusion Index 105
- Australian Film, Television and Radio School 28, 139
- Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) 132
- Australian literature, supporting and promoting 127
- Australian Maritime Safety Authority 28, 66
 - government response to Senate report into the performance of 66
- Australian National Audit Office
 - access clauses 48
 - independent auditor's report 144–8
 - performance audit reports 37
- Australian National Maritime Museum 28, 139
 - acquires historical items from Operation Jaywick 10
- Australian National University 132
- Australian Network on Disability 42
 - Stepping Into program 40
- Australian Postal Corporation *see* Australia Post
- Australian Public Service, response to COVID-19 pandemic 38
- Australian Public Service Commission 38
- Australian Public Service Disability Employment Strategy 2020–2025 43
- Australian Public Service Remuneration Report 253
- Australian Public Service Surge Reserve 38
- Australian Public Service Values, Employment Principles and Code of Conduct 36
- Australian Rail Track Corporation (ARTC) 4, 29, 72
- Australian Transport Safety Bureau 28, 67
 - aviation
 - aircraft noise levy collection 262
 - airline and freight services to external territories 6, 97
 - COVID-19 safe travel zone with New Zealand 5, 70
 - domestic CO₂ emissions and rate of emissions per kilometre 64
 - environment authorisation and protection orders 262
 - fatalities and fatality rate per 100,000 people 67
 - government support for domestic airline industry as part of COVID-19 emergency response 5, 15
 - network connections 61–2
 - Remote Air Services Subsidy (RASS) scheme 5, 64–5
 - waiver of Airservices Australia charges to domestic airlines 16

Western Sydney International Airport
implementation 5, 71
aviation legislation, reports under 262

B

Bacon, Rachel 24, 25, 27, 254
Balfour, Fiona 261
Bargara Ag-Tech Facility 83
Barkly Deal 82, 83
Bass Strait Passenger Vehicle Equalisation
Scheme (BSPVES) 4
Black Spot program 3, 66
Booderee National Park, Jervis Bay Territory 5
Bridges Renewal 3, 66
broadband network
 minimum peak fixed broadband download
 speeds 110–11
 Regional Broadband Scheme 119
 speed measurement by ACCC 109, 110
 see also National Broadband Network
 (NBN)
broadcasting services
 content quotas 125, 133
 PING program grants 122, 133
 television audio description 106
 television captioning 106
 waiver of commercial broadcasting
 tax 133
Broadcasting Services (Australian Content and
Children's Television) Standards 2020 133
Broadcasting Services (Online Content Service
Provider Rules) 2018 107
Brown, Diane 24, 25, 26
Buchholz, Hon Scott 20
Building Better Regions Fund
 grants 7, 85
 jobs created 81, 82
Building Our Future (advertising campaign)
257
Bundanon Trust 28
bushfires 2019–20
 funding for regional development 79
 impact on transport sector 58
Business Fibre Zones 9

C

Cartier Island 95
cash flow statement 154–5
Chief Financial Officer 149
Chief Operating Officer 24, 26, 34
Chief Risk Officer 35
Christmas Island 44, 95
 COVID-19 vaccinations 19
cities, liveability and productivity 80–1
City Deal locations 79
 improved liveability, productivity growth,
 access to jobs and reduced congestion
 in 80–1
Civil Aviation Safety Authority 28, 67
Classification Board 133, 134
classification of films and computer games 134
Classification Review Board 133, 134
COAG Transport and Infrastructure Council 74
Cocos (Keeling) Islands 95
 COVID-19 vaccinations 97
Comcare 139, 159
commercial radio and television stations
125, 133
commitments (by the department) 11, 22
Commonwealth Aboriginal and Torres Strait
Islander Workforce Strategy 2020–2024 43
Commonwealth Contracting Suite 47
Commonwealth Procurement Framework 47
Commonwealth Procurement Rules 44, 45
Commonwealth Risk Management Policy 35
Communications Awareness and Coordination
Program 121
communications connectivity 7–9, 22, 53,
101–23
 2019–20 bushfire season impacts 102
 analysis 102
 case studies 120–2
 COVID-19 impacts 102, 110, 113
 goal 101
 natural disaster impacts 102
 results 102–22
 results matrix 123
communications outcomes, international
engagement 115–16
communications sector
 GDP contribution enabled by 113–15
 investment as a proportion of output
112–13

Community Development Grants Program 87
 community infrastructure and capacity-building projects in regional areas 85
 Community Service Obligations (CSO), percentage met by Australia Post 103
 'Connecting Australians' 11, 22
 consultants 45–6
 Consumer Survey on Online Copyright Infringement 133
 copyright 133, 134
 Coral Sea Island territories 95
 corporate governance 32–4
 Corporate Plan 2020–21 34, 52, 53
 corporate planning 34
 Coulton, Hon Mark 20
 Council of Administration 115
 COVID-19 Arts Sustainability Fund 9
 COVID-19 pandemic
 Australia Post response to 117
 Australian Public Service response to 38
 aviation safe travel zone with New Zealand 5, 70
 government support for domestic airline industry 5, 15
 impact on Australia's external territories 6, 96, 98, 99
 impact on communications infrastructure and services 102, 110, 113
 impact on creativity and culture 9, 125, 127, 128, 129, 131, 132, 133, 134
 impact on postal service operations 108
 impact on regional development projects 79, 86, 89
 impact on transport sector 3, 4, 15, 58, 60, 61, 62, 70
 impacts 2, 11, 12, 41, 53, 54
 infrastructure stimulus package 69
 JobMaker plan 9
 risk management 39, 259
 staff working from home 38, 41, 259
 support for local governments to manage impacts 91
 support for our employees during 38–9
 whole-of-community vaccinations on external territories 97
 Creative Economy Support Package 125
 Creative Partnerships Australia 28, 126

creativity and culture 9–10, 22, 53, 124–41
 analysis 125
 contribution to the economy 125–6
 COVID-19 impacts 9, 125, 127, 128, 129, 131, 132, 133, 134
 goal 124
 results 125–40
 results matrix 140–1
 value of private sector investment and philanthropic funding 126–7
 Cultural and Linguistic Diversity Network 42
 Cultural Gifts Program 126
 cyclones 102, 120

D

Dacey, Christine 24, 25, 26, 254
 Department of Defence 5
 Department of Education, Skills and Employment's Indigenous Australian Government Development Program 40
 Department of Finance 72, 117
 Career Starter Program 40
 Department of Infrastructure, Transport, Regional Development and Communications
 accountable authority 20
 commitments 11, 22
 corporate governance 32–4
 Executive 24–5, 34, 35
 governance committees 32–4, 240–2
 mapping our purposes to outcomes and programs 21–3
 ministers 20
 organisational structure 25–6
 overview 20–9
 planning and reporting 34
 portfolio 28–9
 purposes 11
 role and functions 21, 22
 Department of Social Services 130
 Department of the Treasury 47
 departmental finances 14–15
 Deputy Secretaries 24, 26, 27, 33, 34
 digital technologies and communications services program 118–19
 Disability and Allies Network 42
 disability reporting 43

disability standards for accessible public transport, reforms 73–4
 Diversity Council Australia 42
 diversity and inclusion 42–3
 Diversity and Inclusion Champion 42
 Diversity and Inclusion Committee 42
 Diversity and Inclusion Strategy 2021–2024 42
 Domestic Aviation Network Support Program 15, 16, 61
 D'Orazio, Mario 261
 Drought Communities Program Extension grants 14, 90

E

ecologically sustainable development and environmental performance 258
 Educational Lending Right scheme 127
 electromagnetic energy emissions from mobile networks and devices 114–15
 Embassy of Mexico, restitution of 4 pre-Columbian objects to 10, 136–7
 emergency management arrangements, territories 5, 6, 96
 Employee Assistance Program 260
 employees
 Aboriginal and Torres Strait Islanders 42, 250
 by gender, location, full-time and part-time status 243–7
 declaration of personal interests 36
 with a disability 42–3
 diversity and inclusion 42–3
 employment arrangements 251, 252
 enterprise agreement 40
 flexible working arrangements 41
 learning and development 39–40, 41–2
 non-salary benefits 40
 Public Service Act 1999 employees:
 classification levels, full-time and part-time status, gender and location 247–50
 remuneration 40, 251, 256
 statistics 43, 243–52
 supported during COVID-19 pandemic 38–9
 work health and safety 259–60
 working from home due to COVID-19 pandemic 38, 41, 259

 see also senior executive service (SES) employees
 employment arrangements
 Indian Ocean Territories 252
 Public Service Act 1999 employees 251
 'Empowering our regions' 11, 22
 energy consumption 258
 Enhanced Electromagnetic Energy (EME) Program 114
 'Enriching our communities' 11, 22
 enterprise agreement 40
 entity resource statement 230–1
 entry-level programs 39–40
Environment Protection and Biodiversity Conservation Act 1999 258
 environmental initiatives 258
 eSafety Commissioner 7, 106, 107
 ethical standards 36
 Executive 24–5, 34, 35
 Executive Committee 32, 33, 34
 Executive Leadership Forum 33
 exempt contracts 48
 expenses for Outcomes 232–9
 external scrutiny 37
 external territories see territories

F

fatalities and fatality rate per 100,000 people
 aviation 67
 maritime 66
 rail 67
 roads 65–6
 Festivals Australia program 131
 films
 classification 134
 Location Incentive 10, 126
 Financial Assistance Grants Program 7, 91
 financial management 44–8
 financial performance 14
 administered finances 15–17
 departmental finances 15
 financial statements 150–62
 notes to 163–226
 Financial Statements Sub-Committee 33, 34
 Fletcher, Hon Paul 20
 flexible working arrangements 41
 floods 102, 120

Fly Away Kits 120
 fraud control 35
 free-to-air broadcasters
 audio description 106
 captioning 106
 content transmission quotas 125, 133
Freedom of Information Act 1982 36, 48
 Freight Australia 60
 Freight Movement Code 4, 53, 58

G

gambling services, illegal online 107
 Gee, Hon Andrew 20
 Gender Equality Network 42
 Ginnane, Gayle 241
 Global Internet Governance Forum (Global IGF) 116
 glossary 266–9
 governance committees 32–4, 240–2
 structure 33
 Grade Separations Working Group (NSW) 72
 Graduate Certificate in Public Administration
 through the University of Canberra 39
 Graduate Development Program 39
 grants 16, 48
 local government bodies 90–1
 regional development see regional
 development grants
 through Financial Assistance Grants
 Program 7, 91
 through Public Interest News Gathering
 (PING) program 122, 133
 gross domestic product (GDP)
 communications sector contribution to
 113–15
 creative and cultural sectors contribution
 to 125–6

H

Hallinan, David 24, 25, 26, 254
 health services, external territories 6, 97
 Heavy Vehicle National Law, review 65, 74, 75
 Heavy Vehicle National Law Safety and
 Productivity Program 74
 Heavy Vehicle Road Reform 4
 Heavy Vehicle Safety and Productivity 66

Hervey Bay Airport revitalisation 83
 highlights 2020–21 2–10
 highly paid staff, remuneration 256
 Hinkler Deal 82, 83
 Hogan, Hon Kevin 20
 Home Based Work Employment Procedure 41
 Household, Income and Labour Dynamics in
 Australia (HILDA) Survey 105
 human resources management 38–43
 disability reporting 43
 diversity and inclusion 42–3
 entry-level programs 39–40
 learning and development 41–2
 recruitment 39
 supporting our employees during
 COVID-19 pandemic 38–9, 258
 terms and conditions of employment 40–1
 see also employees

I

illegal online gambling services 107
 independent auditor's report 144–8
 Indian Ocean Territories 44, 96
 airline and freight services 6, 97
 employment arrangements 252
 Indigenous Australian Government
 Development Program 40
 Indigenous Contemporary Music Program 132
 Indigenous Languages and Arts program
 131, 140
 Indigenous Participation Plans 3
 Indigenous Procurement Policy 47
 Indigenous Repatriation Program – Museum
 Grants 132
 Indigenous Staff Network 42
 Indigenous Visual Arts Action Plan 132
 Indigenous Visual Arts Industry Support
 program 132, 140
 Information Publication Scheme 36
 Infrastructure and Transport Ministers' Meeting
 68, 74
 Infrastructure and Transport Senior Officials'
 Committee 74
 Infrastructure Australia 28
 Infrastructure Investment Monthly Program
 of Works report, average time taken to
 produce 75

Infrastructure Investment Monthly Progress Reports, average time taken to process 75
 Infrastructure Investment Program 65, 66
 Reporting and Program Management System 75
 infrastructure investment projects 2–3
 estimated number of jobs supported over the life of the projects 3, 69
 land transport 69–70
 non-self-governing territories 96–7
 stimulus package in response to COVID-19 pandemic 69
 Inland Rail, Melbourne to Brisbane 4, 72
 internal audit 35–6
 International Age Rating Coalition Tool 134
 International Civil Aviation Organization 64
 international engagement 115–16
 International Maritime Organization 64
 International Telecommunication Union (ITU) 115
 Virtual Consultation of Councillors meetings 115
 Internet Corporation for Assigned Names and Numbers (ICANN) 116
 internet governance forums 116

J

Jervis Bay Territory 44, 95
 bushfires 5
 public health orders 99
 services and essential infrastructure 96
 Jervis Bay Territory Emergency Management Committee 5
 JobMaker Digital Business Plan 119
 JobMaker plan 9
 jobs
 access to, in cities 80
 from infrastructure investment projects 3, 69
 from regional development projects 81–2
 Joyce, Hon Barnaby 20

K

key management personnel
 related party disclosures 36
 remuneration 207, 254
 Knuckey, Geoff 34, 240

L

Land Transport COVID-19 Group 4, 53
 land transport infrastructure investment projects
 over \$100 million 70
 up to \$100 million 69
 learning and development 39–40, 41–2
 legal and governance frameworks, territories 99
 Legal Services Directions 2017 264
 legal services expenditure 264
 letter of transmittal iii
 list of requirements 272–80
 Littleproud, Hon David 20
 liveability and productivity, cities 80–1
 local communities, small capital projects 86
 Local Government (*Financial Assistance*) Act 1995 90
 Local Government Financial Assistance Grants 16
 local governments 90–1
 Local Roads and Community Infrastructure Program 2, 16
 Location Incentive (to attract international screen productions to film in Australia) 10, 126

M

Macalister Irrigation District 1B project, Vic 84, 92
 McCormack, Hon Michael 20
 McPhee, Ian 240
 McRandle, Brendan 24, 25, 27, 242, 254
 management and accountability 31–48
 Marino, Hon Nola 7, 20
 maritime
 domestic CO₂ emissions and rate of emissions per kilometre 63
 fatalities and fatality rate per 100,000 people 66
 Maritime Response Group 4, 53
 market research 257
 Measuring Broadband Australia program results 109, 110
 media law reform 7, 134–5
 Medland, Brad 149
 Mental Health and Wellbeing Network 42
 Minister for Agriculture, Drought and Emergency Management 20

Minister for Communications, Cyber Safety and the Arts 20

Minister for Communications, Urban Infrastructure, Cities and the Arts 9, 20, 54, 113, 117, 137

Minister for Decentralisation and Regional Education 20

Minister for Infrastructure, Transport and Regional Development 20

Minister for Population, Cities and Urban Infrastructure 20

Minister for Regional Health, Regional Communications and Local Government 20

Ministers 20

Mitiamo and District Reticulated Water Supply, Vic 84, 92

Mobile Black Spot Program 8, 104, 121

Mobile Network Hardening Program 9, 118, 121

mobile networks

- and devices, electromagnetic energy emissions 114–15
- new and improved coverage in regional areas 104, 121

mobile services, affordability 104–5

Moorebank Intermodal Company Limited 29, 73

Moorebank Precinct Intermodal Terminal, implementation 73

Murphy, Carl 241

N

NABERS energy rating across department properties 258

National Arts and Disability Strategy 130

National Broadband Network (NBN)

- consumer experience and broadband speed 109–10
- fixed line footprint 112
- minimum peak fixed broadband download speeds available 110–11
- percentage of NBN complex connections completed 111–12
- percentage of ready to connect premises in fixed line areas 111

Road Muster trucks 120

should be treated as 'built and fully operational' 54, 113

Sky Muster satellites 9, 121

National Bushfire Response Package 120

National Capital Authority 28

National Cities Performance Framework 80

National Cultural Heritage Account 10

national cultural institutions, engagement with 129

National Disability Strategy 2010–2020 43

National Faster Rail Agency 28

National Film and Sound Archive of Australia 28, 139

National Freight and Supply Chain Strategy 59

National Freight Data Hub 60

National Gallery of Australia 28, 139

National Greenhouse Gas Inventory 64

National Heavy Vehicle Regulator 65

Strategic Local Government Assessment Project 60

National Indigenous Languages Report 132

National Institute of Dramatic Arts building 44

National Land Transport Act 2014, annual report 263

National Library of Australia 28, 139

National Museum of Australia 28, 139

National Partnership Agreement on Land Transport Infrastructure Projects 70

National Performing Arts Partnership Framework 10

national performing arts training organisations, course completions 128

National Portrait Gallery of Australia 28, 139

National Rail Action Plan 74, 75

National Relay Service 105, 106

National Road Safety Action Plan to 2025 68

National Road Safety Strategy 3, 4, 68

National Stronger Regions Fund grants 88

national targeted road infrastructure program 66

National Transport Commission 28, 65, 74

National Urban Freight Planning Principles 4, 60

National Water Grid Authority's Science Program 84, 92

National Water Grid Fund projects 84, 91–2

natural disasters 102, 120

- boosting temporary telecommunications facilities during 8–9, 120–1

NBN Co Limited 15, 16, 54, 105, 109, 110, 111
 effectiveness of department's oversight 117
 refinancing framework 9, 117
 upgrade of fixed line network 9, 117
 Netflix Classification Tool 134
 New Zealand, aviation safe travel zone with
 5, 70
 News Media and Digital Platforms Mandatory
 Bargaining Code 135
 Nolan, Sir Sidney, artwork collection 44
 non-consultancy contracts 46
 non-salary benefits 40
 Norfolk Island 44, 95
 airline and freight services 97
 COVID-19 economic stimulus funding 98
 COVID-19 vaccinations 6, 97
 economic stimulus funding to support
 netball and tennis court resurfacing 98
 high-quality service provision 97
 improvements to health services 6
 legal and governance framework
 improvements 99
 review of emergency management
 governance arrangements 96
 Norfolk Island Amendment (Supreme Court)
 Bill 2020 99
 Norfolk Island Supreme Court, improvements to
 operations 99
 Norfolk Island Water Resources Assessment
 project 96
 North Queensland Water Infrastructure
 Authority 28
 NorthConnex project, NSW 3
 Northern Territory 95

O

Office for the Arts 136
 Office of the Chief Scientist's Science Policy
 Fellowship Program 40
 Office of the National Rail Safety Regulator 67
 online safety 106–7
 Online Safety Act 2021 7, 54, 106, 107
 Operations Committee 32, 33, 34
 Optus 120
 organisational structure 25–6
 Outcome 1: Improved infrastructure 23
 expenses 232

Outcome 2: Efficient, sustainable, competitive,
 safe and secure transport system 23
 expenses 233–4
 Outcome 3: Strengthening the sustainability,
 capacity and diversity of our cities and
 regional economies 23
 expenses 235–6
 Outcome 4: Good governance in the Australian
 territories 23
 expenses 237
 Outcome 5: Promote an innovative and
 competitive communications sector 23
 expenses 238
 Outcome 6: Participation in, and access to,
 Australia's art and culture 23
 expenses 239
 outlook 12–13
 overview of the department 20–9

P

Page, Susan 241
 Parks Australia 5
 parliamentary scrutiny 37
 people with disability
 employment 42–3
 improved connectivity 105–6
 inclusion in arts and cultural activities 130
 interns from Australian Network on
 Disability's Stepping Into program 40
 philanthropic funding, creative and cultural
 126–7
 Phonographic Performance Company of
 Australia 134
 portfolio 28–9
 Portfolio Budget Statements 2020–21 21,
 52, 53
 Postal Industry Ombudsman 107–8
 Postal Operations Council 115
 postal services
 complaints data 107–8
 COVID-19 disruptions 108
 percentage of Community Service
 Obligations (CSOs) met by Australia
 Post 103
 Pride and Allies Network 42
 Pride in Diversity 42
 Prime Minister's Literary Awards 127

private sector investment, in creative and cultural sector 126–7

procurement initiatives 47

Protection of Movable Cultural Heritage Act 1986

- regulatory activities 135–6
- restitution of 4 pre-Columbian objects to the Embassy of Mexico (case study) 10, 136–7

Public Governance, Performance and Accountability Act 2013 (PGPA Act) 34, 44, 45, 52, 149

Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) 35, 52

public interest journalism, support for 7, 122, 133

Public Interest News Gathering (PING) program 7, 122, 133

Public Lending Right scheme 127

Public Sector Workplace Relations Policy 2018 253

Public Service Act 1999 40, 253

Public Service Act 1999 employees

- by classification levels, full-time and part-time status, gender and location 247–50
- employment arrangements 251

Public Service (Terms and Conditions of Employment) (General wage increase deferrals during COVID-19 pandemic) Determination 2020 40

purchasing 44–5

purposes (of the department) 22

- see also communications connectivity; creativity and culture; regional development; territories; transport connectivity

Q

Qantas 97

R

Radiocommunications Act 1992, reforms 114

Radiocommunications Legislation Amendment (Reform and Modernisation) Act 2020 114

rail

- domestic CO₂ emissions and rate of emissions per kilometre 63

- fatalities and fatality rate per 100,000 people 67
- freight transport costs 59–60
- infrastructure projects 3, 4
- Inland Rail 4, 72
- National Rail Action Plan 74, 75

recruitment 39

recycling 258

Regional Airline Network Support 15, 61

regional and remote Australians, inclusion in arts and cultural activities 130–1

Regional and Small Publishers Innovation Fund 133

regional areas, mobile phone coverage delivered under the Mobile Black Spot Program 8, 104, 121

Regional Arts Fund 130

Regional Backbone Blackspot Program communications equipment 44

Regional Broadband Scheme (RBS) 15, 16, 119

Regional Connectivity Program 8, 118

regional development 6–7, 22, 53, 78–94

- analysis 79
- case study 93
- COVID-19 pandemic impact 79, 86, 89
- goal 78
- response to 2019–20 bushfires 79
- results 80–93
- results matrix 94

Regional Development Australia (RDA) 7, 82, 83

regional development grants 6, 7

- through Building Better Regions Fund 7, 85
- through Community Development Grants Program 87
- through Drought Communities Program Extension 14, 90
- through National Stronger Regions Fund 88
- through Regional Growth Fund 89
- through Regional Jobs and Investment Package 88–9
- through Stronger Communities Program 6, 86

regional development projects

- jobs supported by 81–2
- partnerships 82–3
- water infrastructure 84

Regional Growth Fund grants 89

Regional Jobs and Investment Package grants 88–9

regional publishers and broadcasters, PING program grants to support public interest journalism 122, 133

Regional Recovery Partnerships 7, 82

regional touring exhibitions 131

Register of Cultural Organisations 126

related party disclosures 36

Relief and Recovery Fund 7, 54

Remote Air Services Subsidy (RASS) scheme 5, 64–5

remote communities, air services support under RASS program 5, 64–5

remuneration 253–5

- Audit and Risk Committee members 240–1
- highly paid staff 256
- key management personnel 207, 254
- senior executives 251, 255
- staff 40, 251

Remuneration Tribunal 253

Reporting and Program Management System 75

Resale Royalties for Visual Artists Scheme 132

Restart Investment to Sustain and Expand (RISE) fund 9, 121, 139

Risk Champion 35

risk management 35, 39, 259

Risk Management Policy and Framework 35

Road Muster trucks 120

road projects 2–3

- travel time savings 3, 62

road safety

- fatalities and fatality rate per 100,000 people 65
- serious injuries due to road crashes 68
- upgrades through programs 3, 16, 66

roads

- domestic CO₂ emissions and rate of emissions per kilometre 63
- freight transport costs 59
- Heavy Vehicle National Law review 65, 74
- national targeted road infrastructure program 66
- transport policy 4

Roads to Recovery 3, 16, 66

Rookwood Weir construction, near Rockhampton 93

S

SBS see Special Broadcasting Service (SBS)

Science Policy Fellow 40

Screen Australia 28, 139

screen productions, Location Incentive 10

Secretary iii, 24, 26, 32, 33, 34, 52, 149

- review 11–13

senior executive service (SES) employees 33, 34, 35

- declaration of personal interests 36
- remuneration 251, 253–6

serious injuries due to road crashes 68

Sky Muster satellites 9, 121

small and medium enterprises, procurement initiatives 47

Special Broadcasting Service (SBS) 28, 133, 138

- audio description of television programs 106
- oversight 138–9

spectrum auctions 8, 113, 114

spectrum management framework, update 8, 114

Spence, Pip 24, 254

staff see employees

statement by the Secretary and Chief Financial Officer 149

statement of changes in equity 152–3

statement of comprehensive income 150

statement of financial position 151

Strengthening Telecommunications Against Natural Disasters (STAND) program 8–9, 120, 121

Stronger Communities Program grants 6, 86

subscription TV broadcasters, captioning 106

Sullivan, Pauline 242

surface transport policy 4

Survey of Australian Government Payments to Small Business 47

T

Tasmanian Freight Equalisation Scheme 4

telecommunications

- affordability of services (mobile and fixed) on offer 104–5
- boosting temporary telecommunications facilities during natural disasters 8–9, 120–1
- complaints data 108–9

- infrastructure 8–9, 113–14, 119, 120–1
 - minimum peak fixed broadband download speeds available 110–11
 - Mobile Black Spot Program 8, 104, 121
 - NBN consumer experience and broadband speed measurement 109–10
 - percentage of NBN complex connections completed 111–12
 - percentage of ready to connect premises in fixed line areas that have taken up an NBN service 111
 - Triple Zero Emergency Call Service 8, 103
 - USO targets met by Telstra 102–3
 - Telecommunications Act 1997* 107
 - Telecommunications Industry Levy* 106
 - Telecommunications Industry Ombudsman* 108, 109
 - television, content quotas 125, 133
 - television programs
 - audio description 106
 - captioning 106
 - Telstra
 - percentage of Triple Zero Call Service contracted delivered 8, 103
 - portable facilities for use during emergencies 120
 - USO targets met 102–3
 - Temporary Interruption Fund 10
 - temporary telecommunications facilities during natural disasters 8–9, 120–1
 - territories 5–6, 22, 53, 95–100
 - analysis 96
 - case study 98
 - Commonwealth legal and governance frameworks 99
 - COVID-19 impact 6, 87, 96, 99
 - emergency management arrangements 5, 6, 96
 - goal 95
 - results 96–9
 - results matrix 100
 - services and essential infrastructure comparable to mainland Australia 96–8
 - see also Indian Ocean Territories; Jervis Bay Territory
 - Territories Legislation Amendment Bill 2020* 6, 99
 - Tonagh, Peter 261
 - Tonkin Highway Gap project, Perth 62
 - Touring and Outreach program 131
 - tourism sector 4, 85, 88
 - TPG Telecom 120
 - traffic congestion, reduced 80
 - training
 - e-learning modules for staff 41–2
 - entry-level programs 39–40
 - risk management 35
 - transport CO₂ emissions and rate of emissions per kilometre
 - aviation 64
 - maritime 63
 - rail 63
 - road 63
 - transport connectivity 2–5, 22, 53, 57–77
 - 2019–20 bushfires impact 58
 - analysis 58
 - COVID-19 pandemic impact 3, 4, 15, 58, 60, 61, 62, 70
 - goal 57
 - results 59–75
 - results matrix 76–7
 - see also aviation; maritime; rail; road
 - transport costs
 - rail freight 59–60
 - road freight 59
 - travel time savings, road projects 2
 - Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021* 135
 - Triple Zero Emergency Call Service 8, 103
 - Tudge, Hon Alan 20
- U**
- UNESCO Convention on the Means of Prohibiting the Illicit Import, Export and Transfer of Cultural Property 137
 - United Nations Convention on the Rights of Persons with Disabilities 43
 - Universal Service Obligation (USO) targets met by Telstra 102–3
 - University Vacation Employment Program participants 39–40

V

Vision Zero by 2050 68
 Visions of Australia program 131
 Visual Arts and Craft Strategy 140

W

Warwick Recycled Water for Agriculture
 project, Qld 84, 92
 water infrastructure projects 84, 91–2
 case study 93
 WestConnex, Sydney 3, 62
 Western Sydney Airport (WSA) Co Limited 71
 Western Sydney International (Nancy-Bird
 Walton) Airport 5, 71
 Windeyer, Richard 24, 25, 27, 254
 work health and safety 259–60
 summary of health and safety outcomes
 260
 Work Health and Safety Act 2011 39, 259
 workers compensation 260
 World Radiocommunications Conference 2023
 (WRC-23) 116
 WSA Co Limited 5, 29, 71

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