



Australian Government

Department of Infrastructure, Transport,
Regional Development and Communications

2019–20

Annual Report

Connecting Australians



2019–20

Annual Report

Connecting Australians



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Letter of transmittal



Australian Government
Department of Infrastructure, Transport,
Regional Development and Communications

Secretary

The Hon Michael McCormack 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 2020.

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 sections 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
- > Australian Broadcasting Corporation Act 1983 (section 24Y)
- > Protection of Movable Cultural Heritage Act 1986 (section 47)
- > Work Health and Safety Act 2011 (schedule 2, part 4)
- > 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 David Littleproud MP, Minister for Agriculture, Drought and Emergency Management; the Hon Paul Fletcher MP, Minister for Communications, Cyber Safety and the Arts; the Hon Alan Tudge MP, Minister for Population, Cities and Urban Infrastructure; 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; and the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories.


Yours sincerely

Simon Atkinson
7 October 2020

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The background of the page is a blurred photograph of a city skyline, likely New York City, viewed through a window. In the foreground, the silhouettes of people are visible, suggesting a meeting or collaborative work environment. Overlaid on this background is a network diagram consisting of several white dots connected by thin white lines, forming a web-like structure. In the upper center, there is a large circular graphic with a light blue outer ring and a green-to-blue gradient inner circle. Inside this inner circle, the following text is written:

The department has
achieved significant
outcomes during 2019–20,
notwithstanding the
impact of COVID-19

PART 1

Year in review

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2019–20 highlights

Supporting the economy through COVID-19



- › Administered the \$1b Relief and Recovery Fund established for rapid relief to regions, communities and industry sectors severely affected by the COVID-19 crisis, including aviation, agriculture, fisheries, tourism and the arts, providing timely support when and where it is most critically needed
- › Supported the aviation industry to keep jobs and businesses viable, including supporting airlines to continue to provide critical regional services (\$198m) and enabling smaller regional air service providers to maintain financial viability (\$100m)
- › Supported the arts sector through delivering \$27m to help regional artists and organisations to develop new work, support Indigenous art centres and Indigenous art fairs; and support artists, crew and music workers through the charity Support Act (delivered from the \$1b Relief and Recovery Fund)
- › Established a Freight Movement Code to keep Australian freight moving safely with consistent health measures across borders for freight operators during the COVID-19 pandemic
- › Designed a \$2b package of infrastructure investments that will also secure construction jobs
- › Supported the telecommunications industry to deliver essential services that allow people to work from home and connect with others

Managing the COVID-19 emergency in our territories



- › Maintained critical capability, infrastructure and services across isolated and vulnerable communities
- › Supported communities with increased health capability and capacity to respond to local COVID-19 outbreaks
- › Coordinated access to specialist advice in support of local decision-making with health and emergency management matters
- › \$13.5m contributed to 'shovel-ready' projects in support of local business and the economy across our administered territories

Strengthening the telecommunications network



- › Established the Strengthening Telecommunications Against Natural Disasters program, which will improve the resilience of Australia's communications networks
- › Reached the milestone of over 11.7m homes and businesses now able to connect to the NBN
- › Delivered new mobile coverage across regional and remote parts of Australia — \$34m for 182 new mobile base stations

Enhancing transport efficiency, access and safety



- › Invested in our road and rail infrastructure to move people and freight including The Northern Road in New South Wales (\$405m), North East Link in Victoria (\$274m), Bruce Highway–Mackay Ring in Queensland (Stage 1, \$80m), Armadale Road Duplication–Anstey Road to Tapper Road in Western Australia (\$34m), North–South Corridor–Darlington Upgrade in South Australia (\$38m), Midland Highway Upgrade–Perth Link Roads in Tasmania (\$36m) and the Keep River Plains Road Upgrade in the Northern Territory (\$34m)
- › Reduced sulphur emissions from ships visiting Australian ports by up to 80% from 1 January 2020 as a result of legislation passed by the parliament to reduce the sulphur content of marine fuel
- › Conducted a review of the Air Navigation (Aircraft Noise) Regulations 2018, considering how to manage noise impacts from emerging aviation technologies such as drones and urban air mobility, as well as changes to the noise regulation of historical aircraft. The department will seek to implement the recommendations of this review in 2020–21
- › Established the Office of Road Safety to provide leadership, coordination and advocacy for improving national road safety outcomes
- › Supported safe and efficient domestic transport of freight and passengers, including through introducing national protocols and principles
- › Major earthworks began on the site of the Western Sydney International (Nancy-Bird Walton) Airport in September 2019 to make way for the construction of the airport terminal, runway, roads and rail

Working with Aboriginal and/or Torres Strait Islander people to advance reconciliation



- › Worked collaboratively and respectfully with Aboriginal and/or Torres Strait Islander people to celebrate the 2019 United Nations International Year of Indigenous Languages
- › Exceeded our 2019–20 portfolio target for supporting Aboriginal and/or Torres Strait Islander businesses
- › Facilitated the return of 45 Indigenous Australian ancestors from the State Ethnographic Collections, Saxony, Germany
- › Approved 57 Indigenous Participation Plans, establishing targets for Aboriginal and/or Torres Strait Islander employment and procurement for projects under the Infrastructure Investment Program
- › Delivered \$24.3m in support through the Indigenous Visual Arts Industry Support (IVAIS) program to over 80 Indigenous-owned art centres, art fairs, regional hubs and industry service organisations, supporting professional opportunities for around 8,000 Indigenous artists and employment for around 500 Indigenous arts workers, most living in remote communities

Advancing Australia's interests internationally



- › Re-elected to the International Maritime Organization Council and re-elected as one of 11 States of Chief Importance in Air Transport to the International Civil Aviation Organization Council
- › Reached agreement with Vietnam in February 2020 on expanded air service arrangements which increased passenger capacity entitlements by 50%
- › Led Australian interests at a number of multilateral forums including:
 - World Radiocommunication Conference
 - Universal Postal Union 2019 Extraordinary Congress
 - International Telecommunication Union 2020 Council
 - Asia-Pacific Telecommunity
 - Internet Corporation for Assigned Names and Numbers
 - Internet Governance Forum

Supporting jobs in the Australian economy



- › The biggest road infrastructure project in Western Australia's history, the \$1.02b NorthLink, creating around 7,000 direct and indirect jobs during construction

- › Over 1.1m construction hours on North Queensland Stadium, with almost 85% performed by local workers and 12% by Aboriginal and Torres Strait Islander workers, through the Townsville City Deal
- › Over 160 major Australian Government funded projects expected to support up to 85,000 direct and indirect jobs over their lifetime
- › The Office for the Arts administered 10 funding agreements for the Location Incentive Program, supporting 8,500 local jobs and using over 9,000 Australian businesses over the next 12 to 18 months
- › \$50m Public Interest News Gathering program to support public interest journalism
- › Western Sydney International (Nancy-Bird Walton) Airport is supporting 11,000 direct and indirect jobs during its construction phase

Helping communities to stay strong



- › Completion of 1,964 projects during 2019–20 under the Stronger Communities Programme, contributing \$20.4m to improve local community participation and vibrancy
- › Approval of 163 projects in Round 4 of the Building Better Regions Program contributing \$207.1m benefiting local communities in drought-affected areas
- › Secured additional funding for drought-affected local government areas under the Roads to Recovery Program, including \$69.4m paid in the first half of 2020
- › Commenced construction on Launceston's largest ever infrastructure project — the \$260m relocation of the University of Tasmania's Launceston campus, through the Launceston City Deal
- › Helped Australians living in remote areas by providing regular air services to 266 remote communities
- › Established the National Water Grid Authority, to shape national water policy, planning and investment, and to manage the Australian Government's commitment to the \$1.5b National Water Infrastructure Development Fund
- › Facilitated agreement of the new National Performing Arts Partnership Framework by all Arts and Culture Ministers at the Meeting of Cultural Ministers on 11 October 2019, providing stability to the performing arts sector at this time of uncertainty through allowing the 30 companies funded by the Australian and state and territory governments to continue supporting artists and arts workers
- › Supported audio description introduced on the ABC and SBS

Secretary's review

I am pleased to deliver the first annual report of the Department of Infrastructure, Transport, Regional Development and Communications. Through 2019–20, the department has continued to deliver against our purposes.

In February 2020, the department was established through the merger of the former departments of Communications and the Arts and Infrastructure, Transport, Cities and Regional Development. Since then, through COVID-19 the department has risen to many new challenges while integrating and delivering business-as-usual.

I commend the leadership of Dr Steven Kennedy PSM during his time as Secretary of the former Department of Infrastructure, Transport, Cities and Regional Development and Mr Mike Mrdak AO as Secretary of the former Department of Communications and the Arts. I also thank Ms Pip Spence PSM for her period as acting Secretary of the department during the reporting period.

The ongoing commitment and professionalism of our people ensures the department is well positioned to deliver for the Infrastructure, Transport, Regional Development and Communications portfolio into the future. The department has achieved much during 2019–20 through our deep policy expertise, regulatory professionalism and administrative and delivery excellence notwithstanding the impact of COVID-19.

Key achievements

The past reporting period has been challenging due to COVID-19, but it is important to recognise the significant outcomes delivered by the department during 2019–20.

As a snapshot of our achievements during 2019–20, we:

- > opened the first underground stage of the nation's biggest road infrastructure project, WestConnex (NSW), in July 2019 with the official opening of the M4 tunnel. People using the tunnel will bypass 22 sets of traffic lights and shave 20 minutes off trips from Parramatta to Sydney CBD
- > established the Strengthening Telecommunications Against Natural Disasters program, which will improve the resilience of Australia's communications networks
- > provided \$40.8 million in rebates to sea travellers across the Bass Strait through the Bass Strait Passenger Vehicle Equalisation Scheme, supporting the transport of 161,474 eligible passenger vehicles
- > progressed 350 actions under the National Freight and Supply Chain Freight Strategy and Action Plan released in August 2019 to keep freight moving and our freight supply chains and network open, efficient and productive Australia wide

- > approved 163 projects under Round 4 of the Building Better Regions Program, contributing \$207.1 million to benefit local communities in drought-affected areas
- > continued to manage the \$100 billion infrastructure pipeline, including the final stage of the NorthLink, WestConnex, Midland Highway Upgrade, Monash Freeway Stage 2 and Monaro Highway Upgrade
- > oversaw development and delivery of the \$1.5 billion infrastructure stimulus and the \$500.0 million Local Roads and Community Infrastructure Program to inject money into the economy immediately and create jobs
- > supported major projects at federally leased airports through Major Development approvals, including the South West Precinct (Bankstown), Auto Mall Precinct (Brisbane), Hobart Airport Interchange, Elevated Express Road Stage 1 (Melbourne), and ARC Commercial Office Development (Essendon)
- > facilitated the return of 45 Aboriginal and/or Torres Strait Islander ancestors through the Indigenous Repatriation Program from the State Ethnographic Collections in Saxony, Germany, and supported representatives from 3 Aboriginal and/or Torres Strait Islander communities to travel overseas and accompany their ancestors home
- > approved 2,294 projects under Round 5 of the Stronger Communities Programme, representing \$21.3 million in expenditure to improve local community participation and vibrancy
- > completed 62 Smart Cities and Suburbs projects
- > reached the significant milestone of 11.7 million homes and businesses now able to connect to the NBN
- > approved 3,315 new and updated vehicle models for supply in Australia's new car market
- > strengthened internet governance in Australia by implementing the recommendations of the Review of the .au domain administrator auDA
- > commenced the National Water Grid Authority, responsible for delivering the Australian Government's 22 water infrastructure projects. At 30 June 2020, 5 projects had been completed and a long-term planning framework is being developed to deliver more secure water to our agricultural and primary industry sectors to support regional Australia
- > through the Office for the Arts, launched the arts and disability resource hub, including working with the National Disability Insurance Agency to develop 'My art goals: NDIS and the arts', a resource guide to provide information and examples of how the National Disability Insurance Scheme can be used to achieve creative and cultural goals

- > through the Indigenous Visual Arts Industry Support (IVAIS) program, delivered \$24.3 million in support to over 80 Indigenous-owned art centres, art fairs, regional hubs and industry service organisations, supporting professional opportunities for around 8,000 Indigenous artists and employment for around 500 Indigenous arts workers, most living in remote communities
- > continued to lead Australian interests at specialist, treaty-level agencies of the United Nations and work closely with our neighbours in the Asia-Pacific region, and collaboratively with the international community. In 2019, Australia was elected to the councils of the International Maritime Organization and International Civil Aviation Organization, which work to enhance standards and guidance for safety, security, facilitation and environmental protection in aviation and maritime matters. We led delegations to the International Telecommunication Union Council, World Radiocommunication Conference and Universal Postal Union Extraordinary Congress, and achieved successful outcomes to address standards, and development, technical and regulatory issues in international communications and postal matters.

This is just a selection of the excellent work undertaken by our people every day. We are a department of scale, able to leverage significant resourcing and expertise to generate lasting and long-term benefits for all Australians. By collaborating with industry, leveraging significant government investment and capitalising on our deep policy expertise, our people contribute to outcomes that underpin the economic and social activity of every Australian, every day.

Response to the COVID-19 pandemic

The events of 2020 have been unprecedented. Nobody could have predicted the devastating impact COVID-19 would have on our society, the economy, and our cities and regions, or the emphasis it has placed on our need to stay connected. The department has risen to the challenge, contributing to the Australian Government's response to save lives and livelihoods.

The department responded quickly to the request for employees to be redeployed to support Services Australia during the initial stages of the Australian Government's response to COVID-19. Some 125 employees from across the department undertook secondments to assist in processing claims for the Australian Government's JobSeeker payment.

The department played a central role in designing and ensuring immediate implementation of complex and bespoke initiatives in response to COVID-19 impacts on communities and key industries, together with undertaking extensive work on shipping, freight and supply chain issues and providing support for the creative sector.

This work has seen an unprecedented expansion of the department's functions, given the size and scale of the responses. Key measures include:

- > designing and delivering the \$1 billion Relief and Recovery Fund for Australia's regions, communities and industry sectors hit hard by COVID-19
- > designing and rolling out over \$1.3 billion in aviation industry support to ensure freight and critical passenger movements
- > supporting the telecommunications industry to deliver essential services that allow people to work from home and connect with loved ones, and collaborating with providers to send crucial health information via text message
- > creating an assistance package for the media and broadcasting sector which includes tax relief, red tape relief and financial support for Australian media businesses, a \$50 million Public Interest News Gathering program for regional journalism, and a mandatory code of conduct for media and digital platforms
- > designing and delivering a \$2 billion package of infrastructure investment stimulus that can commence in the short term to secure construction jobs across Australia
- > leading ongoing work with states and territories, other Australian Government entities and industry to ensure imports and exports can move through open shipping lanes, road and rail preventing disruption to around \$330 billion of exports
- > a \$250 million package to support artists and organisations to get back in business following the disruptions caused by COVID-19
- > working with our non-self-governing territories to ensure each community is informed, is well prepared to respond, and has access to necessary measures.

The full impact of COVID-19 on the Australian community will not be known for some time to come. The assistance we have provided to industry and the Australian community during the 2019–20 reporting period has had an impact on the department's operations, which is reflected in the annual performance statements.

Outlook

The impacts of COVID-19 will persist into the 2020–21 reporting period and the department will provide all support necessary to underpin the Australian Government's continuity and recovery efforts.

During 2020–21, the department will continue to realise the opportunities provided by the consolidation of the Communications and Arts and the Infrastructure portfolios. My priority is to build a strong entity that takes full advantage of the strengths and expertise of a talented workforce.

Drawing on our deep expertise, the department will continue to connect Australians — physically through infrastructure investment, digitally through the supporting network of the digital economy, and socially through art, media and cultural enrichment.

More information on how we plan to achieve our purposes in the year ahead and beyond is contained in our 2020–21 Corporate Plan.

In closing

I would like to acknowledge and thank my departmental team, our portfolio, industry, and state and territory partners for their vital contributions during 2019–20. I look forward to continuing to work with you all.

Simon Atkinson

Secretary

2019–20 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 for 2019–20 in Part 5 of this report. The financial performance for 2019–20 includes the former Department of Communications and the Arts for the full financial year. Comparisons to the previous year include the combined results of both departments.

Departmental finances

The department reported a deficit on continuing operations of \$29.7 million in 2019–20 which equates to a deficit of \$15.9 million after adjusting for net cash funding arrangements and the timing of lease expenses under the new Australian Accounting Standard for Leases (AASB 16). The deficit was due to a combination of one-off costs, non-cash accounting adjustments and timing differences.

Departmental expenses increased by \$57.5 million mainly due to the payment of Drought Communities Programme Extension grants from departmental appropriations (refer to Note 1.1C of the financial statements) and depreciation on right-of-use assets under the new Australian Accounting Standard for Leases (AASB 16).

Changes to the Statement of Financial Position (Balance Sheet) are mainly due to adoption of the new lease accounting requirements.

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

| | DITCRD ¹ | DoCA ² | Total | | Change from last year |
|--|---------------------|-------------------|--------------|---------------|-----------------------|
| | 2018–19 | 2018–19 | 2018–19 | 2019–20 | |
| Revenue from government | 210.0 | 107.8 | 317.8 | 364.6 | 46.8 |
| Own-source revenue | 7.1 | 7.4 | 14.5 | 14.3 | (0.2) |
| Gains | 0.5 | 0.0 | 0.5 | 1.3 | 0.8 |
| Total income | 217.6 | 115.2 | 332.8 | 380.2 | 47.4 |
| Employee and supplier expenses | 224.2 | 111.8 | 336.0 | 327.0 | (9.0) |
| Grants and contributions | 2.1 | 3.2 | 5.2 | 46.5 | 41.2 |
| Depreciation and amortisation | 6.8 | 5.2 | 12.1 | 34.5 | 22.4 |
| Other expenses | 0.2 | 0.2 | 0.3 | 3.3 | 3.0 |
| Total expenses | 233.3 | 120.4 | 353.7 | 411.2 | 57.5 |
| Surplus (Deficit) attributable to the Australian Government | (15.7) | (5.2) | (20.9) | (29.7) | (8.7) |
| Plus non-appropriated depreciation and amortisation expenses | 6.8 | 5.2 | 12.0 | 34.5 | 22.4 |
| Minus principal repayments — leased assets | 0.0 | 0.0 | 0.0 | (20.8) | (20.8) |
| Operating result (Loss) attributable to the agency | (8.9) | 0.0 | (8.9) | (15.9) | (7.1) |
| Financial assets (A) | 132.7 | 25.0 | 157.7 | 144.2 | (13.5) |
| Non-financial assets (B) | 44.5 | 68.1 | 112.6 | 252.1 | 139.6 |
| Liabilities (C) | 65.7 | 39.7 | 105.4 | 246.0 | 140.6 |
| Net assets — A + B - C | 111.5 | 53.4 | 164.9 | 150.4 | (14.5) |

1 Figures reported by the Department of Infrastructure, Transport, Cities and Regional Development.

2 Figures reported by the Department of Communications and the Arts.

Administered finances

Total administered expenses of \$8.3 billion represent an increase of \$1.1 billion mainly due to subsidy and grant expenditure as part of the Australian Government's emergency response to COVID-19. 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 \$606.2 million due to new government measures to support the domestic airline industry as part of the COVID-19 emergency response. The government also brought forward \$1.4 billion in Financial Assistance Grant payments from the 2020–21 financial year to support the Australian economy.

Major expense items reported by the department in 2019–20 were:

- > Local Government Financial Assistance Grant payments (\$2.6 billion)
- > Payments to corporate Commonwealth entities (\$2.0 billion)
- > Roads to Recovery (\$569.4 million)
- > Public Interest Telecommunications Program (\$338.2 million)
- > Community Development Grants Program (\$261.0 million)
- > Waiver of Airservices Australia charges to domestic airlines (\$250.0 million)
- > Tasmanian Freight Equalisation Scheme (\$201.9 million)
- > Drought Communities Programme including extension (\$153.4 million)
- > Domestic Aviation Network Support Program (\$122.7 million)
- > COVID-19 International Hub Network (\$109.4 million).

Administered income increased by \$180.8 million mainly due to interest accrued on loan to NBN Co as a result of \$6.4 billion in loan advances made from the NBN loan facility during the year.

Assets administered on behalf of the Australian Government increased by \$10.7 billion due to:

- > loan advances totalling \$6.6 billion, mainly from the NBN loan facility
- > equity payments totalling \$1.0 billion to portfolio entities, mainly to the Australian Rail Track Corporation, WSA Co and the Moorebank Intermodal Company
- > increases in the fair value of administered investments by \$5.0 billion.

Administered non-financial assets reduced by \$55.6 million mainly due to depreciation of property, plant and equipment, partially offset by capital purchases for improvements to the National Institute of Dramatic Arts building and other infrastructure projects.

Administered liabilities decreased by \$25.4 million mainly due to the payment of Drought Communities Programme Extension grants accrued in 2018–19 from departmental appropriations, payments made under existing concessional loan agreements and use of biodiversity credits to offset the environmental impacts of the development at the Moorebank Logistics Park.


Information on the grants awarded by the department during 2019–20 is available at www.grants.gov.au.

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

| | DITCRD ¹ | DoCA ² | Total | | Change from last year |
|---|---------------------|-------------------|-----------------|-----------------|-----------------------|
| | 2018–19 | 2018–19 | 2018–19 | 2019–20 | |
| Taxation revenue | 45.3 | 0.0 | 45.3 | 38.9 | (6.4) |
| Non-taxation revenue | 452.2 | 401.7 | 853.9 | 1,060.9 | 207.0 |
| Gains | 66.0 | 0.0 | 66.0 | 46.1 | (19.9) |
| Total income | 563.5 | 401.7 | 965.2 | 1,145.9 | 180.8 |
| Employee and supplier expenses | 204.0 | 370.7 | 574.7 | 559.1 | (15.6) |
| Subsidies | 226.3 | 0.0 | 226.3 | 832.5 | 606.2 |
| Grants | 4,055.4 | 249.6 | 4,304.9 | 4,794.0 | 489.1 |
| Depreciation and amortisation | 38.5 | 10.4 | 48.9 | 61.4 | 12.5 |
| Payments to corporate Commonwealth entities | 135.5 | 1,788.9 | 1,924.4 | 1,989.8 | 65.4 |
| Other expenses | 100.9 | 13.9 | 114.7 | 35.8 | (78.9) |
| Total expenses | 4,760.5 | 2,433.5 | 7,194.0 | 8,272.6 | 1,078.6 |
| Financial assets (A) | 7,976.0 | 34,781.4 | 42,757.4 | 53,446.1 | 10,688.7 |
| Non-financial assets (B) | 756.0 | 196.7 | 952.7 | 897.1 | (55.6) |
| Liabilities (C) | 211.5 | 355.3 | 566.8 | 541.4 | (25.4) |
| Net assets — A + B - C | 8,520.5 | 34,622.8 | 43,143.3 | 53,801.8 | 10,658.5 |

1 Figures reported by the Department of Infrastructure, Transport, Cities and Regional Development.

2 Figures reported by the Department of Communications and the Arts.



The department was
formed in February
2020 and has worked to
achieve 7 purposes

PART 2

Departmental overview

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Departmental overview

In February 2020, the Department of Infrastructure, Transport, Cities and Regional Development and the Department of Communications and the Arts were integrated to form the Department of Infrastructure, Transport, Regional Development and Communications (the department).

Ministers

During 2019–20, the department was accountable to:

- > the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- > the Hon David Littleproud MP, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management to 5 February 2020, and Minister for Agriculture, Drought and Emergency Management from 6 February 2020
- > the Hon Paul Fletcher MP, Minister for Communications, Cyber Safety and the Arts
- > the Hon Alan Tudge MP, Minister for Population, Cities and Urban Infrastructure
- > the Hon Mark Coulton MP, Minister for Regional Services, Decentralisation and Local Government to 5 February 2020, and Minister for Regional Health, Regional Communications and Local Government from 6 February 2020
- > the Hon Andrew Gee MP, Assistant Minister to the Deputy Prime Minister to 5 February 2020, and Minister for Decentralisation and Regional Education from 6 February 2020
- > 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 from 6 February 2020
- > the Hon Nola Marino MP, Assistant Minister for Regional Development and Territories.

Accountable authority

| | | Period as the accountable authority within the reporting period | |
|--|------------------|---|-------------------|
| Name | Position/title | Date of commencement | Date of cessation |
| Department of Communications and the Arts | | | |
| Mike Mrdak AO | Secretary | 18 September 2017 | 31 January 2020 |
| Department of Infrastructure, Transport, Cities and Regional Development | | | |
| Dr Steven Kennedy PSM | Secretary | 18 September 2017 | 1 September 2019 |
| Pip Spence PSM | Acting Secretary | 2 September 2019 | 10 November 2019 |
| Simon Atkinson | Secretary | 11 November 2019 | 31 January 2020 |
| Department of Infrastructure, Transport, Regional Development and Communications | | | |
| Simon Atkinson | Secretary | 1 February 2020 | – |

Role and functions

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

- > **Providing policy and strategic advice:** We provide government with the best options and policy advice on issues relating to infrastructure, transport, regional development, cities, territories, communications, arts and culture. Our advice is evidence-based and informed by research, consultation, analysis and broader government objectives. We identify trends and emerging issues in markets and society to provide the best strategy and policy advice.
- > **Delivering programs and services:** We deliver efficient and effective programs and services to achieve the Australian Government's policy outcomes. We adhere to the highest standards of public administration.
- > **Fit-for-purpose regulation:** We administer portfolio legislation efficiently and effectively, and review and shape regulatory frameworks to ensure that they are fit for purpose and not acting as an impediment to investment.
- > **Relationship building and collaborative stakeholder engagement:** We work with portfolio entities, federal, state and territory, and international governments, international organisations, industry, research institutions and the community to generate innovative advice and make sure the advice and services the department delivers are effective and meet the needs of the community. We engage proactively with our stakeholders with a clear understanding of their issues and challenges and we value diverse perspectives and ideas.

Purposes

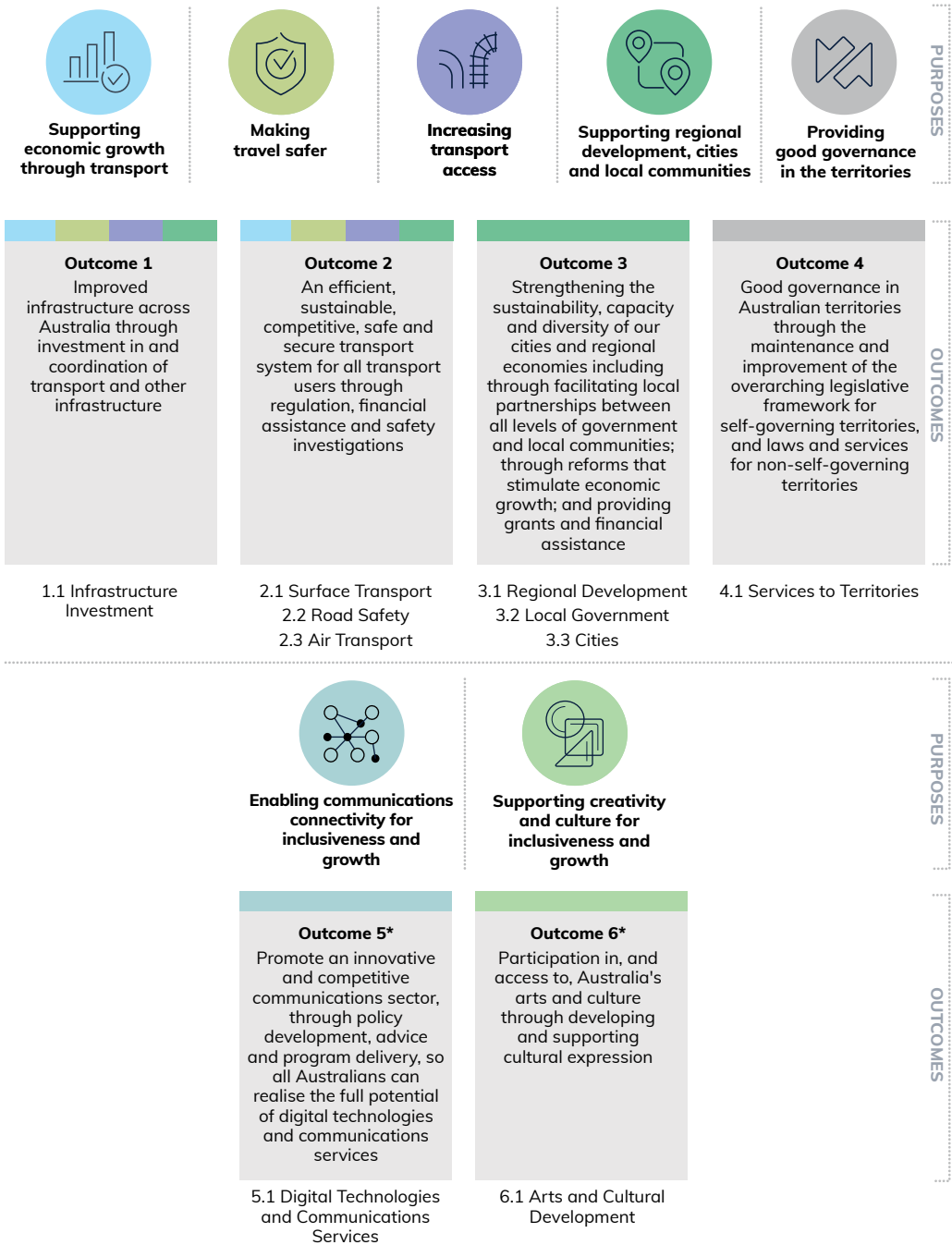
During 2019–20, we worked to achieve 7 purposes:

- > supporting economic growth through transport
- > making travel safer
- > increasing transport access
- > supporting regional development, cities and local communities
- > providing good governance in the territories
- > enabling all Australians to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth
- > supporting inclusiveness and growth in Australia's creative sector, and protecting and promoting Australian content and culture.

Mapping our purposes to outcomes and programs

We worked to achieve our purposes through 6 outcomes and 10 programs which are outlined in the 2019–20 Portfolio Budget Statements of both the former departments. The relationships between our purposes and the outcomes and programs are mapped in Figure 2.1.

Figure 2.1 Mapping purposes, outcomes and programs



* Outcomes 5 and 6 were formerly Department of Communications and the Arts Outcomes 1 and 2, respectively

Executive

Members of our Executive team at 30 June 2020:

- > Simon Atkinson — Secretary
- > Pip Spence PSM — Chief Operating Officer and Deputy Secretary, Arts
- > Richard Windeyer — Deputy Secretary, Communications and Media
- > Dr Rachel Bacon — Deputy Secretary, Regional Development and Territories
- > Brendan McRandle PSM — Deputy Secretary, Aviation Recovery Planning and Chief Executive Officer, National Water Grid Authority
- > David Hallinan (from March 2020) — Deputy Secretary, Infrastructure and Surface Transport
- > Christine Dacey (from May 2020) — Deputy Secretary, Aviation and Airports

During 2019–20, the following Deputy Secretaries were also members of the Executive:

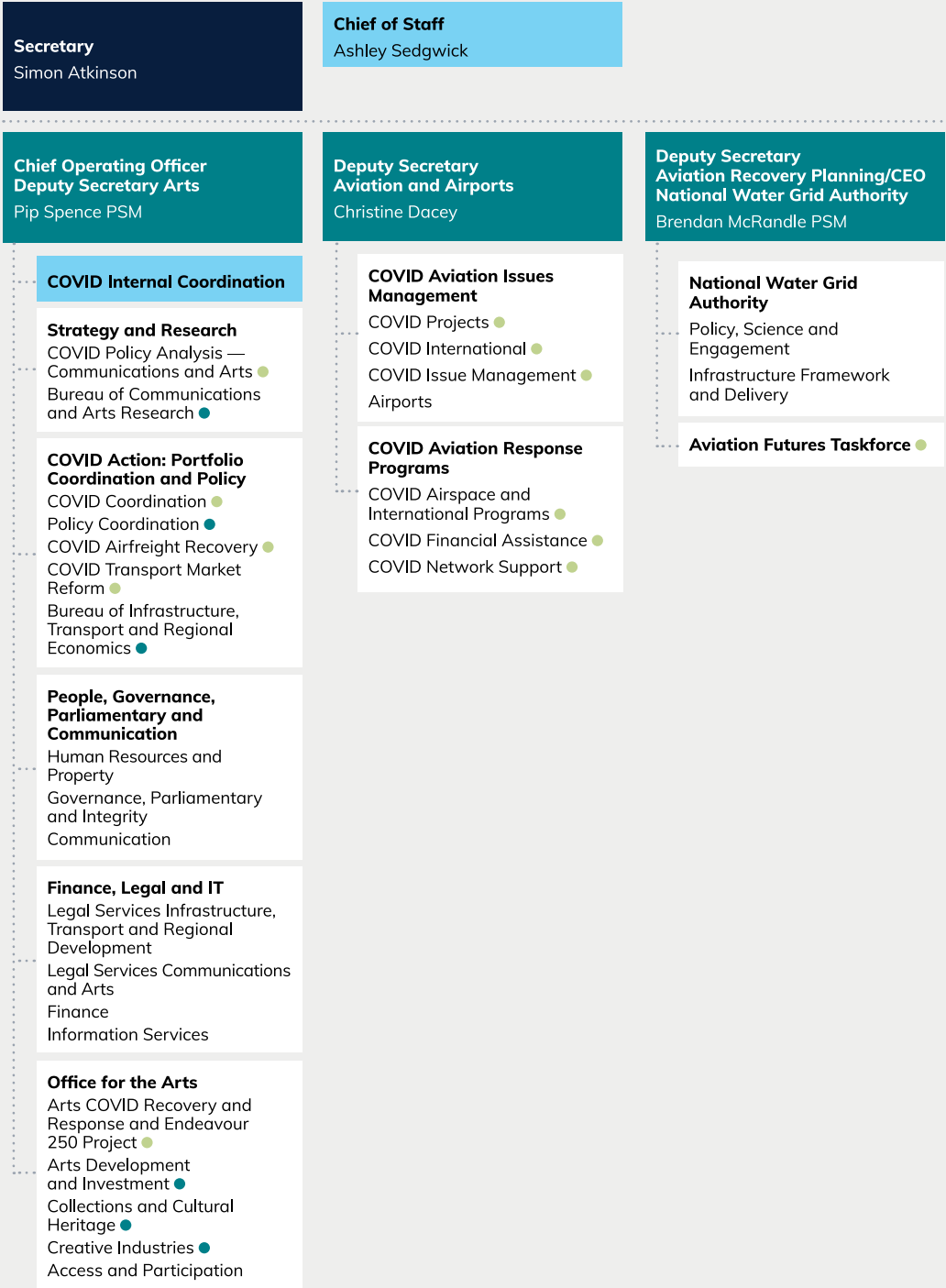
- > Richard Eccles (to March 2020) — Arts, Content, and Strategy and Research
- > Luke Yeaman (to May 2020) — Infrastructure

Organisational structure

In April 2020, a temporary 'COVID-19 response' organisational structure was established, which allowed the department to position itself to deal with urgent COVID-19 priorities, both within the department and across the Australian Public Service, while maintaining capacity to deliver critical services, safety and regulatory functions — including those required under legislation, and our business-as-usual activities. This structure has been adapted and updated throughout the reporting period as the environment changed and circumstances required.

At 30 June 2020, the department comprised 17 divisions organised into 6 groups. Our organisational chart, at Figure 2.2, shows the business areas that were specifically focused on the COVID-19 response, that substantially shifted to continuity and recovery, or that were partially working on COVID-19.

Figure 2.2 Organisational chart at 30 June 2020



Deputy Secretary Infrastructure and Surface Transport

David Hallinan

COVID Surface Transport

COVID Freight and Logistics ●
COVID Maritime and Shipping ●
RVSA Implementation
Office of Road Safety
Vehicle Safety Standards

Infrastructure Investment

COVID Recovery Infrastructure Investment Stimulus ●
North West Infrastructure Investment
NSW, Assurance, Subprograms and SA
Vic, Tas and Investment Advisory
Investment, Engagement and Governance

Major Transport and Infrastructure Projects

Program and Shareholder Management
Regulatory, Environmental and Stakeholder Engagement
Rail and City Deal Implementation
Inland Rail Operations

Cities

City Deals (Vic, Tas, NT and WA) Policy and Programs
City Deals (Qld, SA and Geelong)

Deputy Secretary Communications and Media

Richard Windeyer

Content

Classification
News and Media Industry ●
Digital Platforms and Online Safety ●
Content and Copyright
Broadcasters and Content
COVID Response ●

Communications Infrastructure

NBN ●
Spectrum and Telecommunications Deployment Policy ●
Telecommunications Market Policy ●
Productivity and Technology

Communications Services and Consumer

Regional Communications ●
Post and ACMA ●
Consumer Safeguards ●
Connected Regional Australia Taskforce

Deputy Secretary Regional and Territories

Dr Rachel Bacon

Regional Development, Local Government and COVID Regional Recovery

COVID Regional Recovery and Fund ●
COVID Regional Intelligence and Local Government ●
Drought
Regional Programs

Territories

Indian Ocean Territories
COVID Protection and Services ●
Norfolk Island and ACT/NT
COVID Protection and Services ●
Jervis Bay Territory and Interagency Engagement
Coordination COVID Economic Recovery ●

- This Branch's work was focused on COVID response
- This Branch's work substantially shifted to COVID continuity recovery

All other Branches partially worked on COVID response or other critical work, with reduced function due to redeployments

The portfolio

Entities comprising the portfolio at 30 June 2020 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

- > 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 companies in the portfolio at 30 June 2020 are as follows:

Communications

- > Australian Postal Corporation (Australia Post)
- > NBN Co Limited

Infrastructure

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



The commitment and
professionalism of our
people ensures the
department is well
positioned to deliver

PART 3

Management and accountability

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| Corporate governance | 30 |
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Corporate governance

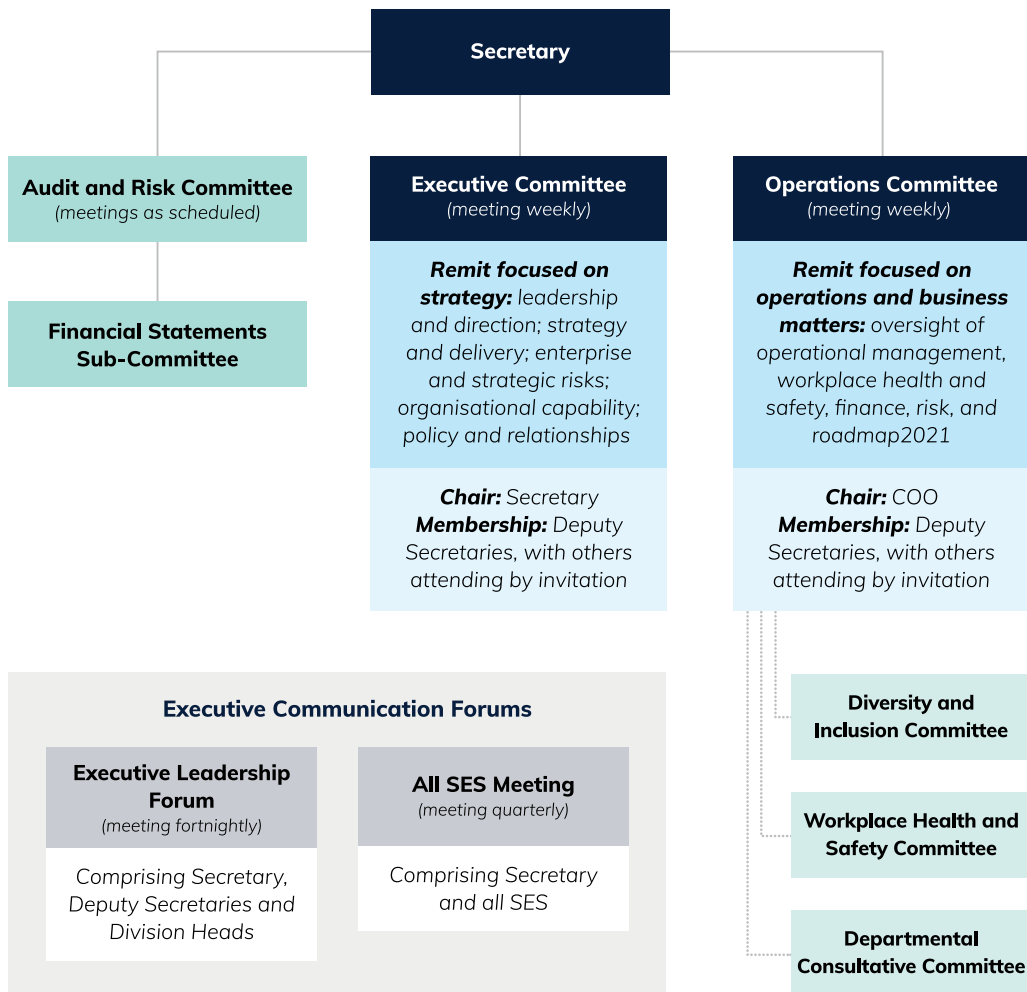
The department's governance framework enables us to practise good governance and meet our performance and accountability requirements. Good governance to us means:

- > providing strategic direction and supporting clarity of purpose
- > optimising performance to ensure objectives are achieved
- > managing strategic 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.

Figure 3.1 Governance committee structure at 30 June 2020



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 better 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/department/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. Information on member qualifications and remuneration is available at Appendix B.

Planning and reporting

The corporate plans of the former departments were their primary planning documents. The 2019–20 Corporate Plans for the former departments were published in August 2019, covering the 4 years from 2019–20 to 2022–23.

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.

Fraud control

Our fraud control plans outline strategies to prevent, detect and investigate potential fraud. All of our people were required to undertake fraud and ethical awareness training via e-learning.

We managed issues of potential fraud and reported regularly to the Audit and Risk Committee.

Internal audit

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

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

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, 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 parties disclosure 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](#).

roadmap2021

During 2019–20 *roadmap2021* was established to ensure we, as a new department, meet our overarching goal to continue building a high-performing, integrated department that is a great place to work and that:

- > positively impacts the lives of all Australians
- > continues to deliver the portfolio's priorities
- > provides authentic and collaborative leadership at all levels
- > demonstrates public service professionalism and values in all that we do
- > draws on our collective skills and capabilities to build relationships and communities of practice, to help us do our jobs better.

roadmap2021 is a key driver in shaping the department's strategic direction and providing clarity in how we best support and develop our people. The objectives and values that underpin the framework are set by the Executive, through the department's Executive Committee, and are being implemented through a series of workstreams focused on:

- > people, culture and vision (including innovation and collaboration)
- > diversity and inclusion
- > governance, assurance, risk, performance and reporting
- > operating model (for the enabling group, communities of practice and organisation)
- > financials (including program financial management)
- > accommodation
- > information technology (IT) (including systems and services).

Each workstream is led by a Division Head and championed by a Deputy Secretary, with the exception of the diversity and inclusion workstream which is championed by a Division Head and supported by the Diversity and Inclusion Committee. Progress on workstream activities is reported to the Operations Committee.

External scrutiny

Australian National Audit Office

The Australian National Audit Office (ANAO) published 6 performance audit reports that involved the department's participation in 2019–20:

- > Auditor-General Report No. 6 2019–20 — Implementation of ANAO and Parliamentary Committee Recommendations, tabled on 5 August 2019
- > Auditor-General Report No. 12 2019–20 — Award of Funding Under the Regional Jobs and Investment Packages, tabled on 5 November 2019
- > Auditor-General Report No. 25 2019–20 — Aboriginal and Torres Strait Islander Participation Targets in Major Procurements, tabled on 20 February 2020
- > Auditor-General Report No. 26 2019–20 — Management of Spectrum Reallocation to Support the Deployment of 5G Services, tabled on 27 February 2020
- > Auditor-General Report No. 34 2019–20 — Aboriginal and Torres Strait Islander Participation Targets in Intergovernmental Agreements, tabled on 23 April 2020
- > Auditor-General Report No. 41 2019–20 — Design and Establishment of the Regional Investment Corporation, tabled on 17 June 2020

These reports are available at www.anao.gov.au/Publications/Audit-Reports.

Parliamentary scrutiny

During 2019–20, we contributed to several parliamentary committees of inquiry including:

- > the Joint Standing Committee established to inquire into and report on the rollout of the National Broadband Network (NBN)
- > the Select Committee on COVID-19 to inquire into the Australian Government's response to the COVID-19 pandemic.

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 purposes.

Recruitment and entry-level programs

In 2019–20, as part of our Graduate Development Program, we welcomed 30 new employees who began an intensive 11-month on-the-job program to build relevant public sector and departmental capabilities. The program includes:

- > participating in 3 workplace rotations across a mix of policy, program, corporate and regulation functions
- > undertaking a research project including an industry tour based on current or emerging industry issues
- > participating in a tailored Learning and Development program including a Graduate Certificate in Public Administration.

We also supported 21 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. A third of these participants remain employed in longer term roles with the department.

We also welcomed 4 new employees 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 whole-of-government entry program to permanent employment in the Australian Public Service.

Terms and conditions of employment

Enterprise agreement

Following the establishment of the department, a determination was made under subsection 24(1) of the Public Service Act 1999 which continued the application of the payscales available under each former department's agreements until 30 April 2020. From 1 May 2020 all non-SES staff were subject to the payscales under the Department of Infrastructure and Regional Development Enterprise Agreement 2016.

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 working arrangements and a range of unpaid leave entitlements.

Flexibility arrangements

Workplace flexibility encompasses how we work in the office and allows employees to match their workspaces with their work type, through use of quiet spaces, collaboration places and technology. It also includes structures to manage surge capacity, and flexible job design and work practices.

We have a number of flexible work arrangements in place that allow for employees to work in locations other than the office (for example, working from home). We also have a number of employees who work part time.

Our technology, which includes devices and/or remote access for all employees, underpins and enables our flexible work arrangements.

Special arrangements were put in place to respond to the specific challenges of COVID-19, which are set out below.

Learning and development

We have continued our focus on leadership development including through a range of pilot initiatives, face-to-face training and seminars, online resources and peer-to-peer learning programs to develop and enhance leadership capability across all levels of the department.

Due to the effects of COVID-19, there has been a rapid change in focus within the learning environment. Increased attention on delivery of learning opportunities to employees throughout the home-based work transition and the amalgamation of all employees onto a single learning management system have been priorities.

With employees now on one learning management system, we have shifted our focus to building and delivering our key face-to-face programs online and actively curating online content to ensure employees continue to develop their capabilities while working remotely.

Moving forward in 2020–21, we will continue to work on the development of the learning strategy as a new department with the aim to empower our people to learn, develop and grow employee expertise through on-the-job experiences and from each other.

Diversity and inclusion

This year, we refreshed our Diversity and Inclusion Committee and appointed a Diversity and Inclusion Champion. We continued support for our 6 employee-led diversity networks, each of which is led 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 e-learning and continued our association with peak professional organisations such as Diversity Council Australia, Pride in Diversity, and the Australian Network on Disability.

In consultation with employees, we commenced the development of an Aboriginal and Torres Strait Islander Employment and Retention Strategy 2020–2022 to support our goal of seeing a sustainable increase in the representation of Aboriginal and/or Torres Strait Islander employees in our workforce to 5% by December 2022. We also commenced 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 people and non-Indigenous Australians.

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

Supporting our employees during the COVID-19 pandemic

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

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.

The Australian Public Service response to the COVID-19 pandemic saw our people redeployed internally and externally, highlighting the mobility, flexibility and versatility of our workforce. Internal redeployment balanced the department's response to COVID-19 with the continuation of ongoing critical functions across regional policy, territories, aviation, transport and infrastructure, arts, media and communications. External redeployment, largely to Services Australia, saw 125 of our employees volunteer to assist in the implementation of the Australian Government's COVID-19 emergency measures, demonstrating the department's willingness to assist the Australian public and our Australian Public Service colleagues at a time of unprecedented demand for government services.

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 2020, the department had 1,505 employees (ongoing and non-ongoing). Women made up 58% of our workforce, and 13% of our employees were working part time. Our employee separation rate during 2019–20 was 18.2%.

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 artwork 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 2019–20, 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 2019–20 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.

We publish procurement activities and annual procurement plans on AusTender. Information on expected procurement activities in 2019–20 is included in our latest annual procurement plan and is also available on AusTender.

We raise awareness of the Indigenous Procurement Policy including with our portfolio entities, many of which are not bound by the policy. We have exceeded our 2019–20 portfolio target for supporting Indigenous businesses. Further details are available on the [National Indigenous Australians Agency website](#).

Consultants

During 2019–20, 161 new consultancy contracts were entered into, involving total actual expenditure of \$14.46 million. In addition, 64 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$11.35 million.

We engage consultants to provide specialised professional services when we do not have the capability or capacity to perform these in-house, or where we need independent research, review, assessment or advice. Consultants are typically engaged to investigate or diagnose a specific issue or problem, carry out reviews or evaluations, 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 2019–20 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, 2019–20

| | Total |
|--|-----------------|
| Number of new contracts entered into during the period | 161 |
| Total actual expenditure on new contracts during the period (incl. GST) | \$14.46 million |
| Number of ongoing contracts engaging consultants that were entered into during a previous period | 64 |
| Total actual expenditure during the period on ongoing contracts (incl. GST) | \$11.35 million |

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on [AusTender](#).

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 2019–20, no contracts were exempted from publication on AusTender on the basis that it would disclose exempt matters under the Freedom of Information Act 1982.

Procurement initiatives to support small business

The department supports small business participation in the Australian Government procurement market. Small and medium-sized 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:


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

Grants

Information on the grants awarded by the department during 2019–20 is available at www.grants.gov.au.

A person is holding a tablet computer. Overlaid on the image is a large circle with a light blue-to-green gradient. Inside this circle is a smaller, solid light blue circle. The text is centered within the smaller circle. At the bottom of the page, there is a network diagram consisting of several blue dots connected by thin white lines.

Our work and adaptability
helped to keep Australians
safe through difficult times
and circumstances

PART 4

Annual performance statements

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Statement of preparation

I, Simon Atkinson, the accountable authority of the Department of Infrastructure, Transport, Regional Development and Communications, present the 2019–20 performance statements of the department, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

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.

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 2020, assessed against the purposes and measures published in:

- > Department of Infrastructure, Transport, Cities and Regional Development 2019–20 Corporate Plan (Infrastructure Corporate Plan)
- > 2019–20 Portfolio Budget Statements — Infrastructure, Regional Development and Cities Portfolio (Infrastructure PB Statements)
- > Department of Communications and the Arts 2019–20 Corporate Plan (Communications Corporate Plan)
- > 2019–20 Portfolio Budget Statements — Communications and the Arts Portfolio (Communications PB Statements).



Simon Atkinson

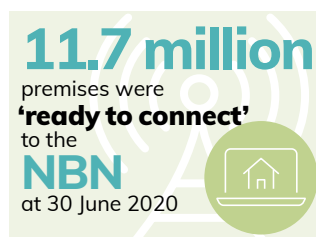
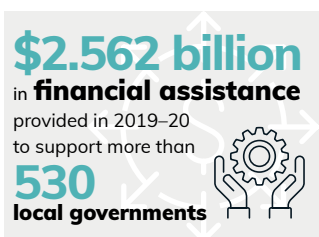
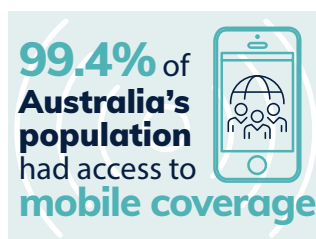
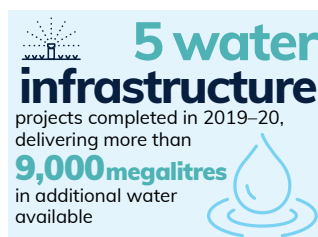
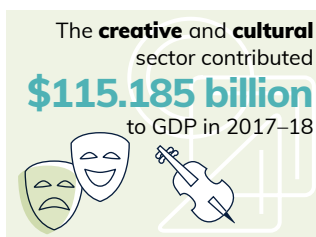
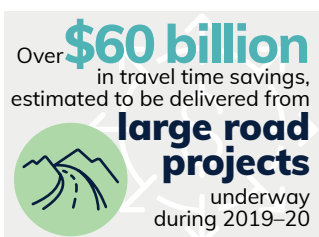
Secretary
2 October 2020

Performance snapshot

This year we met **42** out of **51** performance targets

We started 2019–20 with projects and policies focused on maintaining economic growth and managing the extended drought. New crises soon emerged, further testing Australia's resilience. Widespread bushfires from November 2019 to February 2020 destroyed homes, businesses, infrastructure and large tracts of land. Many people were also affected by hazardous air quality caused by the bushfires. From March 2020, the COVID-19 pandemic and measures put in place to prevent its spread, such as social distancing and travel restrictions, changed the way we live and affected all areas of life. The aviation and arts sectors have been particularly affected. In response, we have reset our priorities and have redirected resources to support communities and affected industries. Our work and adaptability helped to keep Australians safe through difficult times and circumstances.

Results reported this year include



Structure of performance statements

For a clear read, we have structured our statements against our purposes. We have combined 3 transport purposes into a single section covering economic growth, access and safety. There is significant overlap in our work to achieve these purposes and this approach should give a more complete picture of achievement.

Rather than reporting oversight and efficiency results in the communications and creativity and culture sections, we have added a closing section on how we, as a department, are providing oversight and efficiency. This chapter reports on expenditure, our efficient management of administered items and oversight of portfolio entities.

The expression of dollar figures

These statements use the following conventions for dollar figures:

- > billions to 3 decimal places (for example, \$2.506 billion)
- > millions to one decimal place (for example, \$3.4 million; \$2.0 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).



Transport



Road, rail, maritime and air transport are essential to connecting people with 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 budget programs.

Purposes

Supporting economic growth through transport

Improving transport efficiency and sustainability to facilitate the movement of people and freight

Making travel safer

Minimising the number and severity of transport safety incidents

Increasing transport access

Connecting people, communities, businesses and markets

Results

Table 4.1 Results for measures related to transport: supporting economic growth, access and safety

| Measure | 2019–20 target | Result | Previous result |
|---|---|---|--|
| Volume of freight | Increased 10 year rolling average (to 2016–17, latest available data ¹) | Target met The 10 year average freight task to 2016–17 was 627.0 billion tonne kilometres (btkm) | The 10 year average to 2015–16 was 601.6 btkm |
| Methodology: Bureau of Infrastructure, Transport and Regional Economics (BITRE) data analysis of information prepared for the Australian Infrastructure Statistics Yearbook (Yearbook 2019 was published in December 2019) | | | |
| Passenger movements, aviation sector | Increased 10 year rolling average (to 2019–20) | Target not met The 10-year average to 2019–20 was 90.8 million passengers There were 76.0 million total aviation passengers in the year ² | The 10 year average to 2018–19 was 90.9 million passengers There were 103.1 million total aviation passengers in the year |
| Methodology: BITRE data analysis of BITRE domestic and international aviation statistics | | | |
| Level of aviation capacity (passenger and freight) available to major city airports under Australia's air services arrangements ³ | Increased (in 2019–20) compared to previous year | Target met Increased in 2019–20: we updated 3 arrangements and made one new arrangement | Increased in 2018–19: we updated 11 arrangements, made 2 new arrangements and signed one air services agreement |
| Methodology: Departmental data analysis of departmental records on air services arrangements, including the Register of Available Capacity | | | |
| Level of aviation capacity (passenger and freight) available in international aviation markets under Australia's air services arrangements | Increased (in 2019–20) compared to previous year | Target met Increased in 2019–20: we updated three arrangements and made one new arrangement | Increased in 2018–19: we updated 11 arrangements, made 2 new arrangements and signed one air services agreement |
| Methodology: Departmental data analysis of departmental records on air services arrangements, including the Register of Available Capacity | | | |

¹ Data including 2017–18 and 2018–19 will be available later in 2020 and will be published in the 2020 Infrastructure Yearbook on the department's website in December.

² The significant reduction in aviation passenger movements was due to the impact of COVID-19 restrictions, which is discussed further in our analysis.

³ Air services arrangements set out the capacity entitlements for airlines operating international air services to and from Australia.

| Measure | 2019–20 target | Result | Previous result |
|--|---|---|--|
| Opportunities available to Australian airlines in international aviation markets | Increased (in 2019–20) compared to previous year | Target met Increased in 2019–20: we updated 3 arrangements and made one new arrangement | Increased in 2018–19: we updated 11 arrangements, made 2 new arrangements and signed one air services agreement |
| Methodology: Departmental data analysis of departmental records on air services arrangements, including the Register of Available Capacity | | | |
| Number of remote communities that receive support from the department for aerodrome infrastructure projects and air services | Increased (in 2019–20) compared to previous year | Target met The Remote Air Services Subsidy Scheme guaranteed aviation services to 266 remote communities. During 2019–20, 45 new Remote Airstrip Upgrade program projects were announced under round 7 of the program | The Remote Air Services Subsidy Scheme guaranteed aviation services to 266 remote communities. During 2018–19, 34 new Remote Airstrip Upgrade program projects were announced under round 6 of the program |
| Methodology: Departmental data analysis of monthly reports from each airline contracted to provide designated services with Remote Air Services Subsidy funding; and projects announced under the Remote Airstrip Upgrade program | | | |
| Improved access to aviation services for Western Sydney | Planning and delivery (in 2019–20) is consistent with the Western Sydney Airport Plan | Target met In 2019–20, planning and delivery of the Western Sydney Airport project was consistent with the Western Sydney Airport Plan | New measure — not previously measured |
| Methodology: Departmental data analysis of the Western Sydney Airport Plan, the project deed and departmental records | | | |
| Number of jobs supported over the life of projects, from infrastructure investment projects underway during the financial year (based on proponent reported data) | Finalising (in 2019–20) improved processes for proponent reported data to demonstrate jobs supported through infrastructure investment projects | Target met Projects underway during 2019–20 are expected to support up to 85,000 jobs over the life of the projects | Projects supported direct and indirect jobs, however specific 2018–19 data was unavailable |
| Methodology: Departmental data analysis of project proponents' proposal reports and other relevant information | | | |

| Measure | 2019–20 target | Result | Previous result |
|---|--|---|---|
| Expected travel time savings arising from road projects in the Infrastructure Investment Program receiving \$400 million or more in Australian Government funding | Reduced travel times | Target met Large road projects underway during 2019–20 are estimated to provide more than \$60 billion in total travel time savings across the life of projects | Not previously measured |
| Methodology: Analysis of project proposal and post-completion reports. Time savings to be measured as the total expected time savings benefits (in Australian dollars) of projects carried out in the financial year | | | |
| Number of road fatalities | 1,016 or fewer fatalities (in 2019–20) | Target not met 1,105 deaths in 2019–20 | 1,214 fatalities in 2018–19 |
| Methodology: Analysis of data collected for the BITRE Australian Road Deaths Database (June 2020 Road Deaths Australia monthly bulletin, published July 2020) | | | |
| Serious injuries due to road crashes | Establish a baseline (in 2019–20) | Target not met Baseline not yet established | In 2018–19, we were on track to establish a 2019–20 baseline |
| Methodology: Analysis of departmental records (at the outset of 2019–20, the department intended in the year to establish a baseline in consultation with state and territory governments) | | | |
| Number of rail fatalities | Rail fatalities reduce, relative to 2017–18 baseline (in 2018–19, latest available data) | Target met 7 fatalities in 2018–19 | 9 fatalities in 2017–18 |
| Methodology: Analysis of Office of the National Rail Safety Regulatory data (Rail Safety Report, 2018–19) | | | |
| Number of maritime fatalities | Towards zero in 2019–20 (annual average from 2010 to 2019 decreases compared to annual average from 2010 to 2018, noting that consistent fatalities information is available back to 2010) | Target met Over the 10 years to 2019, the average annual number of maritime deaths was 4.10 (there were 4 fatalities in 2019) | Over the 9 years to 2018, the average number of annual maritime fatalities was 4.11 (there were 2 fatalities in 2018) |
| Methodology: Analysis of Australian Transport Safety Bureau data (Maritime Occurrence Database) | | | |
| Number of aviation fatalities | 10 year average to 2018 is fewer than 33.6 fatalities ⁴ | Target met The 10 year annual average to end 2019 was 32.3 fatalities (<33.6) | The 10 year annual average to end 2018 was 31.3 fatalities (<33.6) |
| Methodology: BITRE data analysis of Australian Transport Safety Bureau data | | | |

⁴ The aviation fatalities 10 year average to 2018 was in the Department of Infrastructure 2018–19 Annual Report. Our target for fatalities was erroneously set for 2018 again in the Infrastructure PB Statements and Corporate Plan. We have reported the 10 year average to end-2019 (latest available data) as the 2019–20 result.

| Measure | 2019–20 target | Result | Previous result |
|--|---|--|---|
| Transport CO ₂ equivalent emissions | Decreased 10 year rolling average (to 2018–19, latest available data) | Target not met The 10 year average to 2018–19 was 94,094 gigagrams of CO ₂ equivalent emissions | The 10 year average to 2017–18 was 92,800 gigagrams of CO ₂ equivalent emissions |
| Methodology: BITRE data analysis of information prepared for the Australian Infrastructure Yearbook | | | |

Notes: Timeframes have been noted (in brackets) for 2019–20 targets; these are particularly relevant for measures where there is a data lag. The Infrastructure PB Statements and Corporate Plan did not specify timeframes for targets, except against 'number of aviation fatalities'.

The measure 'community understanding of road funding issues' was included in the Infrastructure PB Statements, page 32. It was not included in the Infrastructure Corporate Plan, which stated, 'the department is currently reviewing the suitability of the target and will present a revised approach to measuring program impact for 2020–21'. We have not reported against this due to changed priorities.

Analysis

From March 2020, COVID-19 and restrictions to limit its spread changed the environment for transport. Shutdowns and border closures reduced demands on the transport network, and previously congested roads in major cities became largely devoid of commuter traffic. Regular public transport flights were reduced by 95% and at risk of totally ceasing. The freight industry, though, did not stop. Freight came to the fore as an essential service, facilitating ongoing movement of supplies and supporting our economy.

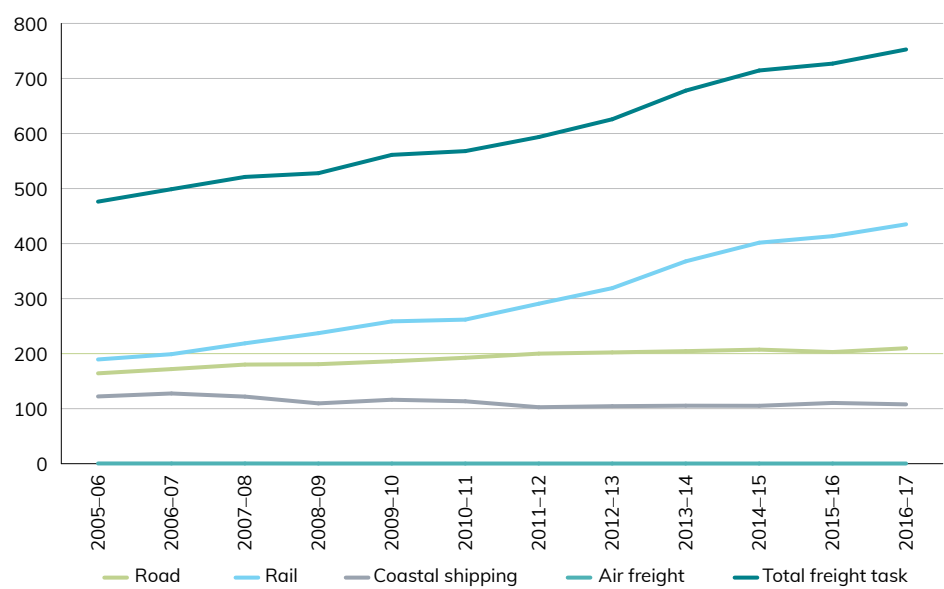
The 2019–20 bushfires also changed movement patterns around Australia. Flights were cancelled and roads were closed in affected areas, including the Hume Highway and other major corridors. Road capacity was tested during evacuations of affected regions, highlighting the importance of efficient, resilient and safe transport networks.

Enabling the productive movement of people and freight

Australia's productivity, international competitiveness and way of life rely on the efficient movement of freight from producer to consumer. We support an efficient, reliable and cost competitive freight sector to assist unlocking productivity gains for the national economy. We invest in road, rail and air transport infrastructure and provide a coordinated, national approach to freight in support of the National Freight and Supply Chain Strategy and its associated National Action Plan.

Historically, Australia’s freight task has increased proportional to the overall growth rate of our economy. Data trends in recent years show no exception, and the average volume of freight over 10 years to 2016–17 (latest available data) was 627.0 btkm, higher than the average over 10 years to 2015–16.

Figure 4.1 Australian domestic freight task, 2005–06 to 2016–17 (btkm)



Delivering the National Freight and Supply Chain Strategy

Transport and infrastructure Ministers across Australian jurisdictions agreed the [National Freight and Supply Chain Strategy](#) in August 2019. The strategy sets an agenda for integrated national action across all freight modes over the next 20 years and beyond, and positions Australia to meet the challenges associated with a growing freight task.

The [2019 Commonwealth Implementation Plan](#), released in November 2019, outlines the Australian Government’s ongoing actions towards delivering the strategy and associated [National Action Plan](#). Actions range from investing in major road and rail infrastructure projects, to reforming coastal trading, to delivering the Tasmanian Freight Equalisation Scheme. We will report each year on progress against the implementation plan through the Freight Jurisdiction Working Group’s annual report to the Transport and Infrastructure Council.

Tasmanian Freight Equalisation Scheme



Our **Tasmanian Freight Equalisation Scheme** helps Tasmanian industries compete in markets outside the state

IN 2019–20

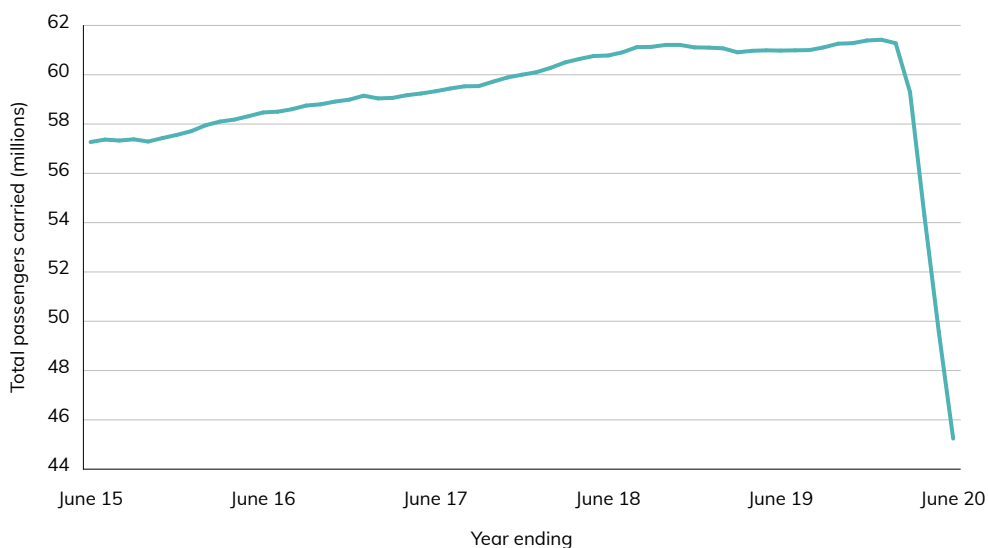
We provided **\$161.2 million** assistance for costs incurred by shippers of eligible non-bulk goods moved by sea across the Bass Strait.

A total of **16,802 claims** were paid under the scheme, which represents a **10.5% increase** in claims paid in 2018–19.

Supporting aviation

In 2019–20, we continued to administer regulations and airport infrastructure, facilitating commercial opportunities and enhancing aviation passenger travel. Within this framework, long-term passenger movements have continued to increase. Since March 2020, activity in aviation markets has fallen dramatically due to border restrictions and other measures to address the COVID-19 pandemic. We administered programs to enable minimum aviation connectivity, supporting a significant proportion of domestic passenger traffic from April to June 2020.


Figure 4.2 Domestic aviation passenger traffic, June 2015 to June 2020



Note: Shows regular public transport passenger traffic, moving annual totals

We increase capacity at major city airports and in international aviation markets through new and updated air services arrangements. In 2019–20, 3 existing arrangements were updated and one new arrangement was made. Following the onset of COVID-19 there were no further international air service talks held, however we continued to engage with international partners to support international operations in the COVID-19 environment.

Air services arrangements



Four new or updated air services arrangements in 2019–20 **increased aviation capacity** for both Australian and foreign airlines at Sydney, Melbourne, Brisbane and Perth airports

New Memorandum of Understanding with Vietnam

50% increase in passenger capacity entitlements on flights between the 2 countries

Air freight is a relatively small but essential part of the overall freight task in Australia. As part of our support for Australians living in remote areas, we funded regular air services to 266 remote communities, at a cost of \$13.1 million in 2019–20. These services deliver fresh food, educational materials, medicines and other urgent supplies.

From April 2020, we worked with Austrade and the Department of Agriculture, Water and the Environment to develop temporary emergency assistance to support the air freight industry and mitigate the impacts of COVID-19 on local industries. We supported Austrade to implement the International Freight Assistance Mechanism (IFAM) to keep critical air freight routes open and flights operating. Between April and July 2020, the IFAM re-connected supply chains to import essential medicines and personal protective equipment as well as assisted producers to get over 40,000 tonnes of high-value and time-sensitive perishable Australian products to international customers.

Aviation services for Western Sydney

The Australian Government is providing \$5.322 billion to construct Western Sydney International (Nancy-Bird Walton) Airport. We oversee governance and performance of WSA Co, which is delivering the Western Sydney Airport project, on track for completion in 2026.

The project will improve access to aviation services for Western Sydney and support the region's economic development. In 2019–20, the government provided \$505.1 million towards project milestones, consistent with the Western Sydney Airport Plan and project deed. Sydney Metro will provide access to Western Sydney International (Nancy-Bird Walton) Airport, and will support 14,000 jobs during construction. At 30 June 2020, Western Sydney Airport employed over 700 people on site.

Western Sydney Airport



Over **11,000 jobs** during the construction period
Almost **28,000 full-time jobs** within 5 years of opening

Supporting direct and indirect jobs for Western Sydney

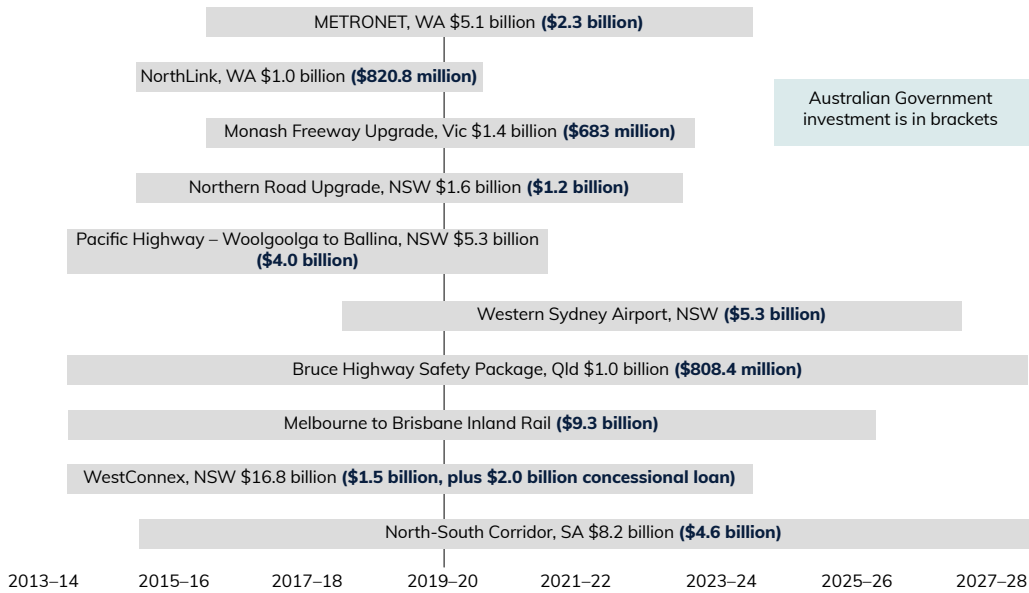
In **2019–20**, early earthworks were completed and major earthworks began. At the same time, we continued work to implement conditions under the Airport Plan, including on biodiversity offsets, airspace and flightpath design and Aboriginal cultural heritage.

Investing in road and rail infrastructure

Our infrastructure investments support the movement of people and freight, including the productive capacity of the national freight system. In 2019–20, we provided \$5.342 billion to road infrastructure and \$1.057 billion to rail. Bushfires did not significantly delay delivery of the established pipeline of infrastructure projects. COVID-19 restrictions had minor, discrete and short-term impacts on delivery of some projects, such as in remote Aboriginal and Torres Strait Islander communities isolated in response to COVID-19 outbreaks.

During 2019–20, we had over 110 major road and rail projects underway, that is projects with \$100 million or more in Australian Government funding. All major investment projects are subject to a business case assessment by Infrastructure Australia, which examines the range of project benefits including freight, road safety and travel time savings.

Figure 4.3 Major infrastructure investment projects underway with Australian Government investment, 2019–20



Note: Figure shows tentative timelines of construction phase of projects only. Melbourne to Brisbane Inland Rail and Western Sydney Airport are being delivered through Australian Government investment.

An efficient road system supports economic growth, including faster and cheaper freight movements and better outcomes for commuters. The estimated total travel time savings across the life of road projects in the Infrastructure Investment Program receiving \$400 million or more in Australian Government funding and underway in 2019–20 was more than \$60 billion.

Inland Rail

The Australian Government is funding Inland Rail between Melbourne and Brisbane in partnership with private sector investors. In 2019–20, the Australian Government provided \$28.3 million in grants and \$425.7 million in equity, totalling \$454.1 million towards project milestones.

We oversee governance and performance of the Australian Rail Track Corporation, which is delivering the project. In 2019–20, we also worked on joint business cases with the Victorian and Queensland governments, considering the development of intermodal terminals.

Inland Rail



Australia's domestic demand for **freight** is forecast to grow by around a third between 2018 and 2040. Inland Rail will **share the load** and reduce our reliance on roads to transport goods.

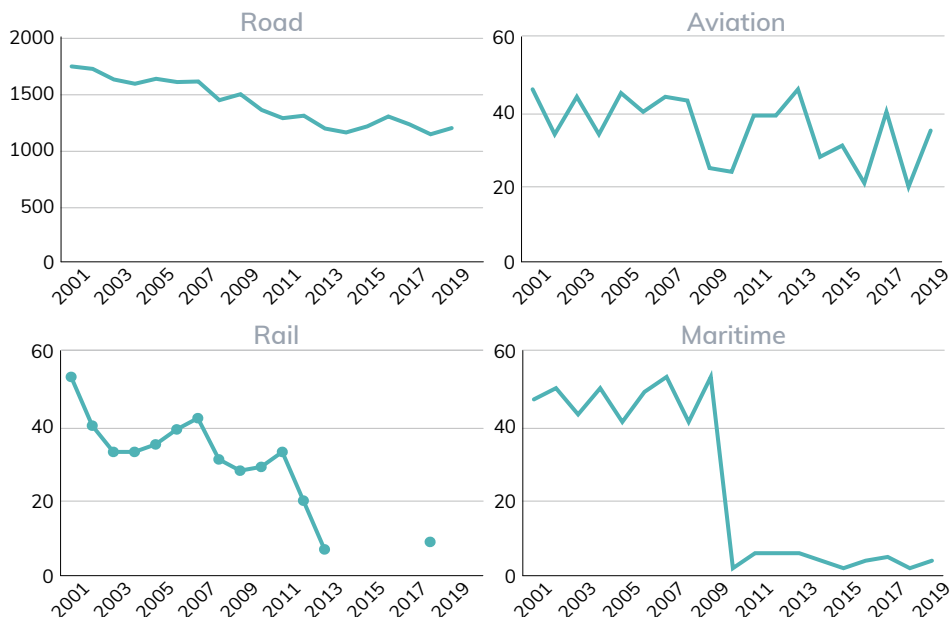
Projections

2 million tonnes of agricultural freight will switch from road to rail. Rail costs for intercapital freight between Melbourne and Brisbane will **reduce by \$10 per tonne**.

Promoting transport safety

With fewer transport users since March 2020 as a result of COVID-19 restrictions, fatalities across all transport modes have declined more than would otherwise be expected. For example, 75 road deaths were recorded in April 2020, a decrease of 25.3% on the 5-year average for April, and 23 fewer deaths than in April 2019. However, in road fatalities the drop was not commensurate with the drop in traffic volumes.

Figure 4.4 Fatalities by transport mode, calendar years, 2001 to 2019



Notes: Rail fatality data by calendar year was not collected for 2014, 2015, 2016 and 2017. There were 9 deaths in the 2017–18 financial year and 7 deaths in 2018–19 (latest available data). Data methodology changes were made between 2011 and 2012, and for new data restarting in 2018.

Maritime fatality data from 2010 onwards was compiled using a different methodology and should not be compared with earlier figures.

Road safety

Road crashes in Australia have a significant social and economic impact. In 2019–20, we continued to provide national leadership in reducing road trauma, including coordinating action as part of the [National Road Safety Strategy 2011–2020](#). The strategy represents the commitment of the Australian Government and state and territory governments to an agreed set of national road safety goals, objectives and priorities. These include an ambitious target to reduce the annual number of road crash fatalities in the year ending December 2020 by at least 30% compared to a 2009–10 baseline. In 2019–20, 1,105 road fatalities were recorded, down 9.0% compared to 2018–19 (1,214 fatalities) and a 22.6% reduction compared to the baseline, showing good progress against the strategy.

We continued to invest in road safety upgrades, publish national road safety statistics and administer safety standards for new vehicles. Additionally, in 2019–20, we 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](#). 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 National targeted road infrastructure programs under the Infrastructure Investment Program, 2019–20

| Program | Funds invested | Projects completed |
|---------------------------------------|-----------------|--------------------|
| Roads to Recovery | \$569.4 million | 3,272 |
| Black Spot | \$81.6 million | 222 |
| Bridges Renewal | \$90.1 million | 116 |
| Heavy Vehicle Safety and Productivity | \$51.6 million | 49 |

Motor Vehicle Standards



Over 2019–20, our **Motor Vehicle Standards** meant that all 3,315 new and updated vehicle models supplied to the Australian market met national safety, emissions and anti-theft standards

Monitoring serious injuries due to road crashes

The Austroads pilot we led, completed in March 2019, demonstrated that it is feasible to construct a national serious injury data series. Data permission issues have now been resolved in 7 out of 8 jurisdictions, and a national baseline data series is expected to be completed in 2020–21.

Rail safety

We continued to work with jurisdictions and the Office of the National Rail Safety Regulator (ONRSR) to oversee Australia's regulatory framework for rail safety. ONRSR collects and reports safety information. Recent ONRSR data shows rail remains the safest mode of surface transport in Australia and demand for rail transport remains strong, with 85.14 million kilometres of freight transport. In 2018–19 (the most recent year for which data is available), ONRSR reported 7 rail fatalities — 2 fewer than in the previous year.

Maritime safety

During 2019–20, we continued to work with the Australian Maritime Safety Authority (AMSA) to oversee and maintain Australia's regulatory framework for maritime activities. Over the 10 years to 2019, the average annual number of maritime deaths was 4.10 (there were 4 fatalities in 2019); this represents a small decrease compared to the average number of annual maritime fatalities over the 9 years to 2018, which was 4.11.

We worked closely with AMSA to provide effective advice to the government and progress maritime legislative reforms, including changes to improve passenger safety on domestic commercial vessels. We also continued reviewing national service delivery arrangements.

National Maritime Safety Regulator



In 2019–20, the Australian Maritime Safety Authority assumed **full responsibility of the National System for Domestic Commercial Vessel Safety** to create clear and consistent maritime safety regulations

Aviation safety

In 2019–20, we continued oversight of the framework for aviation safety, including governance and performance of the Civil Aviation Safety Authority and Airservices Australia. In 2019 (the most recent period for which data is available), the Australian Transport Safety Bureau recorded no fatalities from regular public transport flights. There were 35 fatalities from 22 fatal non-regular public transport flight incidents.

Improving transport sustainability

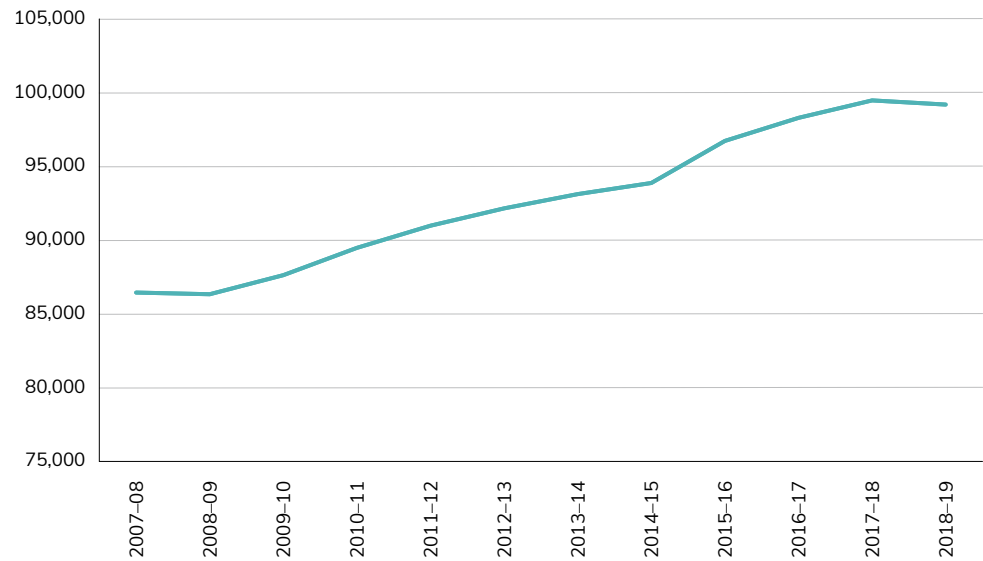
In 2019–20, our work at the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO) included implementing measures to reduce transport emissions, while ensuring these measures do not distort trade and disproportionately affect Australian interests.

In October 2019, we secured re-election to the ICAO Council, and in November 2019 we secured re-election to Category B of the IMO Council. In these roles, we will continue to build modern, innovative and responsive international organisations, able to address pressing aviation and maritime priorities and the rapid pace of technological change.

The latest available data on transport emissions is for 2018–19. The average annual emissions volume over the 10 years to 2018–19 was 94,094 gigagrams of CO₂ equivalent emissions, 1.4% higher than the average over 10 years to 2017–18. Emissions are influenced by demand and usage of the transport network, including for both commercial and personal reasons, across different modes. Information is not yet available for 2019–20, however we expect the following changes in our operating environment would have reduced overall transport CO₂ emissions:

- > reduced travel during bushfires, and since March 2020 due to COVID-19
- > light vehicles entering the Australian vehicle fleet are becoming more efficient.

Figure 4.5 Transport emissions, 2007–08 to 2018–19, gigagrams of CO₂ equivalent emissions



Note: No emissions from electricity use are included

Source: Australian Infrastructure Statistics—Yearbook 2019, table T9.4.



Regional development, cities and local communities



We are committed to supporting regional development, cities and local communities. We improve outcomes for Australians living in metropolitan centres and in rural, regional and remote areas by managing government investments and working with government and community at all levels to improve liveability, resilience and economic opportunities. Access to secure and affordable water is a key factor in the development of primary industries and communities.

Purpose

Supporting regional development, cities and local communities

Delivering jobs and economic growth for regional Australia and improving standards of living

Results

Table 4.3 Results for measures related to supporting regional development, cities and local communities

| Measure | 2019–20 target | Result | Previous result |
|---|---|--|---|
| Number of employed persons outside capital cities | Increased (in 2019–20) compared to previous year | Target met 3.92 million persons in 2019–20 | 3.91 million persons in 2018–19 |
| Methodology: Analysis of Australian Bureau of Statistics (ABS) data: <u>Labour Force, Australia, Detailed Electronic Delivery, Cat. No. 6291.0.55.001</u> | | | |
| Real disposable income for low and middle income households outside capital cities | Increased from 2015–16 to 2017–18 (latest available data) | Target met \$548 a week in 2017–18 | \$521 a week in 2015–16 |
| Methodology: Analysis of ABS data: <u>Cat. No. 6523.0 — Household Income and Wealth Australia in 2017–18 dollars</u> | | | |
| Regional investment supports jobs and regional growth | Demonstrated positive impact on jobs and regional growth (in 2019–20) | Target met Positive impact on jobs and regional growth in 2019–20 | Not previously measured |
| Methodology: Analysis on funds invested in regional development and projects completed | | | |
| Partnerships with all levels of government and the private sector to deliver regional development outcomes | Partnerships developed and maintained (in 2019–20) to underpin regional development programs and policies | Target met Partnerships developed and maintained in 2019–20 | Not previously measured |
| Methodology: Analysis of annual business plans and performance reports from Regional Development Australia committees, department assessments of committee plans and reports, records of performance discussions, action plans to address under performance and stakeholder feedback | | | |
| Financial assistance is provided to support equitable levels of service by local government bodies | Financial assistance is provided in accordance with the <u>Local Government (Financial Assistance) Act 1995</u> | Target met \$2.562 billion in financial assistance was provided in 2019–20 | \$2.504 billion in financial assistance was provided in 2018–19 |
| Methodology: Analysis of departmental records | | | |

| Measure | 2019–20 target | Result | Previous result |
|--|---|---|---|
| Improved liveability and increased productivity of Australia's cities | Improvement in National Cities Performance Framework indicators for liveability and productivity | Data unavailable Further data on the liveability and productivity of Australia's cities will be available after the next census update (2021) 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) | Not previously measured |
| Methodology: Analysis of National Cities Performance Framework and information from City Deals progress reporting | | | |
| Improved access to jobs and reduced congestion in Australia's cities | Improvement in National Cities Performance Framework indicators for access to jobs and reduced congestion | Target met The 5 year average employment growth rate was positive for all 21 largest cities, except Mackay Peak travel delays improved for half of the cities with available data (2018 compared to 2017), including Sydney and Melbourne | Not previously measured |
| Methodology: Analysis of National Cities Performance Framework and information from City Deals progress reporting | | | |
| Increase in water available (megalitres) through water infrastructure projects funded | Available water for use is increased (in 2019–20) | Target met In 2019–20, 5 water infrastructure projects were completed, increasing water availability through new storage capacity (more than 9,000 megalitres) and improvements to water distribution networks | Construction underway in 2018–19 on 7 projects, to increase water availability by 45,000 megalitres |
| Methodology: Analysis of data from water infrastructure projects funded | | | |

Note: Timeframes have been noted (in brackets) for 2019–20 targets. With the exception of the target for 'real disposable income for low and middle income households outside capital cities', this information was not in the Infrastructure PB Statements or Corporate Plan. Timeframes are most relevant for measures for which there is a data lag.

Analysis

In the latter part of 2019–20, bushfires had a significant impact on local economies, exacerbating the effects of ongoing drought and severe flooding in some regions. COVID-19 also significantly impacted local economies, which vary in resilience and scale, with some relying heavily on a single industry (such as tourism).

COVID-19 led to travel restrictions and changes to trade and tourism, increased unemployment, business closures, reduced demand for travel and social distancing measures — these in turn contributed to reduced congestion in major cities. Travel restrictions also affected labour availability in some agricultural sectors.

Unemployment rose rapidly in early 2020, recorded at 7.4% in June 2020. The Australian economy as a whole recorded a contraction in gross domestic product (GDP) over the first half of 2020.

Regional development

Regional investment

In 2019–20, we delivered \$700.2 million through our regional development budget program. Regional investment supports jobs and growth in the regions. Our investments contributed to an increase on previously reported data for employment in 2019–20, and incomes outside of capital cities in 2017–18, the latest year for which data is available. For 2019–20, specific data was not available on job outcomes. However, from 2020–21 there will be further work to facilitate the tracking of job outcomes from regional projects over time.

Table 4.4 Regional grants projects


| Program | Australian Government funding | Projects completed in 2019–20 |
|---|--|-------------------------------|
| Building Better Regions Fund Supports the Australian Government's commitment to create jobs, drive economic growth and build stronger regional communities into the future In round 4, the government is supporting drought-affected regional communities by investing in 'shovel-ready' projects, delivering jobs and driving economic growth | \$177.3 million in 2019–20 (total commitment \$841.6 million from 2017–18 to 2022–23) | 256 |
| Community Development Grants Provides funding for the Australian Government's election commitments and other identified projects for community and regional infrastructure that promote stable, secure and viable local and regional economies | \$261.0 million in 2019–20 (total commitment \$2.057 billion from 2013–14 to 2025–26) | 167 |
| Drought Communities (extension) Provides grant funding to eligible councils in drought-affected regions for infrastructure, events and other drought-related projects to support local economies and create jobs | \$89.6 million in 2019–20 (total commitment \$301.0 million from 2018–19 to 2020–21) | 294 |
| National Stronger Regions Fund Supports economic growth and sustainability in Australia's regions, particularly disadvantaged regions, by supporting investment in priority infrastructure | \$67.4 million in 2019–20 (total commitment \$611.2 million from 2015–16 to 2020–21) | 17 |
| Regional Growth Fund Provides grants of \$10 million or more for major transformational projects that support long-term economic growth and create jobs in regions, including those undergoing structural adjustment | \$17.3 million in 2019–20 (total commitment \$272.2 million from 2019–20 to 2021–22) | 0 ^a |
| Regional Jobs and Investment Packages Assists 10 regions to diversify their economies, stimulate long-term economic growth and deliver sustainable employment | \$67.1 million in 2019–20 (total commitment \$211.4 million from 2017–18 to 2020–21) | 85 |
| Stronger Communities Provides grants to community organisations and local governments for small capital projects that deliver social benefits for local communities | \$20.4 million in 2019–20 (total commitment \$102.1 million from 2015–16 to 2019–20) | 1,964 |

^a The Australian Government approved 17 projects under the Regional Growth Fund that must be completed by the end of 2021–22.

Regional partnerships

We partnered with all levels of government, a national network of 52 Regional Development Australia committees (RDAs), and the Indian Ocean Territories Regional Development Organisation to support development in regional Australia. To support regional Australia through COVID-19, we developed a new regional intelligence gathering process to provide real-time regional insights to Ministers and policy-makers. Regular teleconferences between the government and RDA representatives captured information on the situation on the ground, and feedback on the government's policy measures to combat the health and economic effects of the pandemic. From this, we developed concise Regional Intelligence Bulletins (RIBs) for circulation to Australian Government and state and territory policy-makers, and back to the RDA network. The RDAs welcomed the opportunity to provide first-hand intelligence, and the RIBs have been well received by government policy-makers, and utilised to inform policy.

RDA Regional Intelligence Bulletins (RIBs)



Sent to more than
450 Ministers and
policy-makers

RIBs provide

- Real-time feedback about the impacts of COVID-19 on regional economies
- Information about the effectiveness of government response measures

We also supported regional development through our pilot Regional Deals. These are place-based commitments tailored to each region's advantages, assets and challenges. The deals build partnerships with all levels of government and local communities to deliver clear objectives for each region. Regional Deals in Barkly and Hinkler were underway in 2019–20, and a deal for Albury Wodonga was under negotiation.

COVID-19 Relief and Recovery Fund

In March 2020, we established a secretariat to oversee and coordinate whole-of-government delivery of the \$1 billion COVID-19 Relief and Recovery Fund. By 30 June 2020, the government had announced 18 measures totalling around \$675 million. This will provide critical support for regions, communities and industries including agriculture, the arts, fisheries, tourism and transport.

Local government

We continued to administer the Financial Assistance Grants Program in 2019–20.

We pay grants in quarterly instalments to state and territory governments, for immediate distribution to local governing bodies. These grants totalled \$2.562 billion in 2019–20.

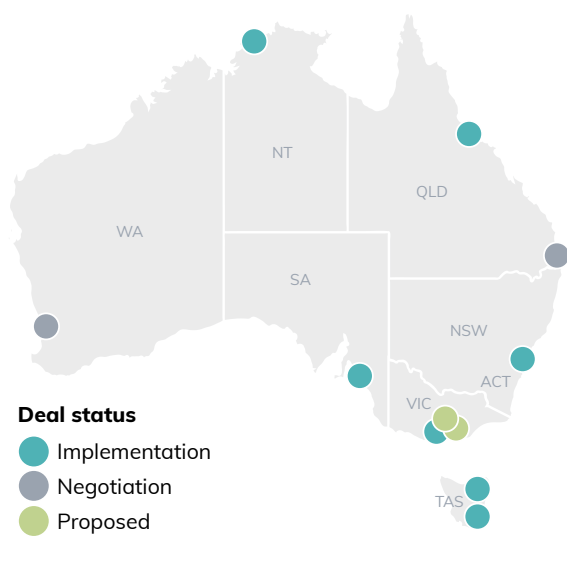
Local governments can spend the funds according to local priorities, improving their capacity to deliver an equitable level of services.

Cities

Australia's cities are some of the most liveable in the world. Around three quarters of our population live in Australia's 21 largest cities and these generate around 80% of GDP.

We worked to make Australia's cities even more productive and liveable by delivering the Australian Government's cities agenda, including through City Deals and the Smart Cities and Suburbs Program.

Figure 4.6 City Deal locations around Australia

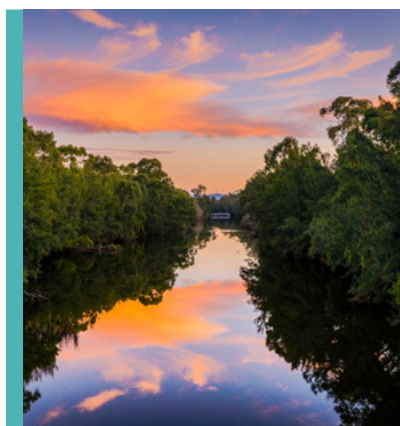


Since 2016, the Australian Government has signed 7 City Deals, with implementation plans for 4 of those agreed in 2019–20 (Adelaide, Darwin, Geelong and Hobart). These deals include 190 commitments to support local economies. For example, as part of the Townsville City Deal, construction was completed on the North Queensland Stadium, with over 80% of the 1.1 million construction hours completed by Townsville locals. Meanwhile, Sydney Metro and Western Sydney International (Nancy-Bird Walton) Airport are crucial to realising the 200,000 local jobs objective of the Western Sydney City Deal. City Deal progress reports for 2019–20 can be found on our [department website](#).

The Smart Cities and Suburbs Program provides grants for the uptake of smart cities technology. In 2019–20, 62 of 81 projects had been completed since the program started in 2017–18.

Throughout the year, we supported regular meetings of state and territory planning Ministers, chaired by our Minister. Meetings discussed opportunities for planning reforms and actions to adapt Australia's planning systems during the COVID-19 pandemic and beyond. For example, actions agreed at these meetings ensured deliveries to supermarkets, kept construction sites operating and will support economic recovery.

Western Parkland City Liveability Program



Western Parkland City Liveability Program

The \$190.0 million Western Parkland City Liveability Program, part of the **Western Sydney City Deal**, is supporting the growth of the Western Parkland City by providing community infrastructure. The program will provide \$60.0 million each from the Australian Government and the NSW Government and \$70.0 million from local governments, from 2018–19 to 2021–22.

In February 2020, the Australian Government and the NSW Government approved \$40.2 million for round 2 projects, including a wave pool, sports field and a cultural arts precinct.

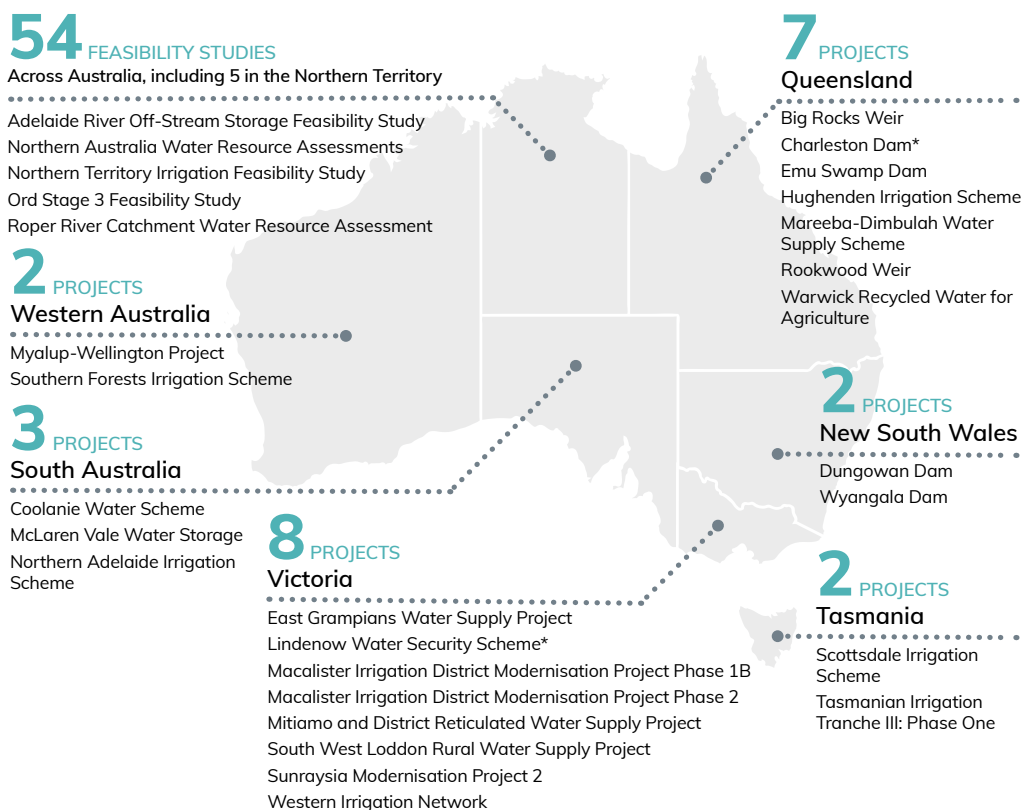
Water

The National Water Grid Authority (NWGA) was established by the Australian Government in October 2019. It plays a key role in shaping national water infrastructure policy, helping deliver secure and affordable water for rural and regional Australia.

In 2019–20, we progressed the development of an infrastructure investment framework with the states and territories that will establish a longer term planning horizon and create the circumstances for generational change in water infrastructure planning and delivery. The NWGA's science program also commenced in 2019–20 and will guide future water infrastructure investment.

Five capital projects and 4 feasibility studies were completed under the \$1.500 billion National Water Infrastructure Development Fund. A further 3 capital projects contracted for construction and 7 feasibility studies/business cases were commenced. We also worked with the Regional Investment Corporation to administer the \$2.000 billion National Water Infrastructure Loan Facility.

Figure 4.7 National Water Grid projects



* Projects funded through Regional Programs grants rather than through the National Water Infrastructure Development Fund



Governance 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.

Purpose

Providing good governance in the territories

Delivering services, legislative frameworks and infrastructure

Results

Table 4.5 Results for measures related to good governance in the territories

| Measure | 2019–20 target | Result | Previous result |
|--|--|--|--|
| Communities in the external territories and Jervis Bay Territory have comparable services and essential infrastructure to mainland Australia | Service delivery arrangements and contracts deliver comparable services and essential infrastructure to mainland Australia | Target met Service delivery arrangements and contracts in place ^a | State-type services and essential infrastructure delivered |
| Methodology: Analysis of reporting from service providers | | | |
| Legal and governance frameworks in the external territories and Jervis Bay Territory are appropriate for the protection and wellbeing of the communities | Legal and governance frameworks comparable to mainland Australia | Target met Legal and governance frameworks in place ^b | Legal and governance frameworks in place |
| Methodology: Analysis of state-level framework and advice | | | |

Notes:

- a Negotiation with a state partner to deliver services to Norfolk Island beyond 2021 is progressing, with formal agreement likely to be reached in the final quarter of 2020.
- b Work to apply a third tranche of Commonwealth law in Norfolk Island was well advanced at the end of 2019–20, with a draft bill nearing completion.

Analysis

In the latter part of 2019–20, COVID-19 has had a significant impact on Australia's external territories. To protect these communities, travel restrictions were put in place, which had a direct impact on local tourism. COVID-19 also affected aviation and shipping services. We worked with service providers to ensure communities' continued access to essential goods. Communities in Australia's external territories rely on air freight to deliver mail, perishable groceries and time-sensitive goods such as medicines. We negotiated with airlines to increase freight capacity and ensure supply chains to the Indian Ocean Territories and Norfolk Island.

Along with experiencing impacts to the tourist sector due to COVID-19 travel restrictions, some territories are also undergoing economic transition. For example, Christmas Island is in the process of economic transition following the wind-down of immigration detention activity and because of uncertainty about phosphate mining in the medium to long term. In 2019–20, the government announced \$4.2 million to support economic diversification on Christmas Island, including tourism infrastructure upgrades in the national park.

Services and essential infrastructure

In 2019–20, we delivered services to territories in 3 ways — directly, through service delivery arrangements with state government agencies and through contractual arrangements with private sector entities and local governments. We supported ongoing service delivery, maintaining essential infrastructure in the external territories and Jervis Bay Territory. We also funded the delivery of essential services such as health, education and a number of other state-type services.

Health services in the Indian Ocean Territories

| | | |
|---|---|--|
|  | <p>We are implementing the 5 Year Strategic Plan for the Indian Ocean Territories Health Service</p> <p>The service is now well advanced towards re-accreditation against the National Safety and Quality Health Service Standards</p> | <div style="background-color: #008080; color: white; padding: 10px; margin-bottom: 10px;"> Improved governance and frameworks of the Indian Ocean Territories Health Service </div> <p>Established the Governance Advisory Council Reformed the Community Advisory Committee Developed a Clinical Governance Framework and a Clinical Services Capability Framework</p> |
|---|---|--|

Legal and governance frameworks

In 2019–20, several laws were applied and improved in the territories. We took steps to continue to further align laws and services with comparable Australian communities, including:

- > to support the Indian Ocean Territories, preparing 6 new legislative instruments (2 determinations and 4 amending instruments)
- > to support Jervis Bay Territory, preparing 2 ordinances updating state-type laws and preparing new public health directions
- > to support Norfolk Island, preparing 4 ordinances amending state-type laws in the territory.

Also, in May 2020, our Minister introduced to parliament a bill to amend the Norfolk Island Act 1979. The amendments proposed would clarify the role of the Supreme Court in the territory.

Norfolk Island governance arrangements



We have implemented fit-for-purpose arrangements for **Norfolk Island Regional Council elections** under a modified NSW local government framework

Operationalising applied laws

- **modified applied law** to suit the local environment
- **worked with stakeholders** to put in place practical and suitable arrangements



Communications connectivity



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

Through our digital technologies and communications services program, we work to support postal and telecommunications connectivity for inclusiveness and economic growth.

Purpose

Communications connectivity

Enabling all Australians to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth

Results

Table 4.6 Results for measures related to communications connectivity

| Measure | 2019–20 target | Result | Previous result |
|--|---|---|--|
| Percentage of Universal Service Obligation targets met by Telstra and Community Service Obligations met by Australia Post | 100% in 2019–20 | Target met 100% in 2019–20 | 100% in 2018–19 |
| Methodology: Analysis of reporting from Telstra and Australia Post | | | |
| Percentage of population with access to mobile coverage | Maintain ≥99% in 2019–20 | Target met 99.4% | >99% in 2018–19 |
| Methodology: Analysis of reporting by mobile network operators | | | |
| Amount of new and improved mobile coverage delivered in regional areas under the Mobile Black Spot Program ⁵ | ≥95% of total contracted (predictive) coverage is delivered | Target met Across all assets completed with program funding since the program began in 2014–15, more than 100% of total contracted (predictive) coverage has been delivered | Not previously measured |
| Methodology: Analysis of program contracts and asset completion reports to compare contracted coverage with delivered coverage across the program | | | |
| Premises with high speed NBN broadband access ⁶ | 11.5 million premises ready to connect by 30 June 2020 | Target met 11.7 million premises ready to connect by 30 June 2020 | At 30 June 2019, approximately 10.1 million premises were ready to connect |
| Methodology: Analysis of NBN Co rollout reporting | | | |
| Minimum fixed broadband download speeds available to Australian premises | Not applicable First results expected in 2020–21 | | |

⁵ This measure was not in the Communications PB Statements (only in the corporate plan)

⁶ In the Communications PB Statements, the measure was for 'Percentage of premises with high-speed broadband access (ready to connect)'. It was revised in the corporate plan to align with how NBN Co measures its results.

| Measure | 2019–20 target | Result | Previous result |
|--|---|--|---|
| Assessment of telecommunications and postal complaints data | Reporting in 2019–20 shows positive results | Target met Reporting in 2019–20 shows positive results | Positive results achieved in 2018–19 |
| Methodology: Analysis of reporting from the Telecommunications Industry Ombudsman and ACMA on telecommunications complaints and reporting from the Postal Industry Ombudsman | | | |
| Assessment of affordability of telecommunications services (mobile and fixed) on offer | Affordability is maintained or increased in 2019–20 | Target met Affordability has improved in 2019–20 | Price changes for typical mobile and fixed bundles over 2018–19 improved affordability for most Australians |
| Methodology: Analysis of reporting from the Australian Competition and Consumer Commission (ACCC) and of results from affordability indexes tracked in our Bureau of Communications and Arts Research, based on Household, Income and Labour Dynamics in Australia (HILDA) data | | | |
| Impact of our programs on improving connectivity for people with disability | Impact maintained or increased in 2019–20 | Target met We maintained the impact of our programs in 2019–20 | Maintained the impact of our programs in 2018–19 |
| Methodology: Analysis of National Relay Service provider reporting; and analysis of ACMA reporting on compliance by free-to-air television broadcasters on captioning compliance | | | |
| Assessment of the effectiveness of the digital safety regulatory framework | Reporting in 2019–20 shows positive results | Target met Positive results achieved in 2019–20 | Positive results achieved in 2018–19 |
| Methodology: Analysis of reporting by ACMA on illegal offshore gambling websites; breaches of rules for gambling promotions during live sporting events; data from the Office of the eSafety Commissioner; and results from the National eSafety Survey | | | |
| Percentage of ready to connect premises in fixed line areas that have taken up an NBN service | >56% at 30 June 2020 | Target met 64% at 30 June 2020 | 56% in 2018–19 |
| Methodology: Analysis of NBN Co reporting | | | |
| Assessment of the effectiveness of the department's international engagement on post, spectrum, telecommunications and internet governance outcomes | Positive results achieved in 2019–20 | Target met Positive results achieved in 2019–20 | Positive results achieved in 2018–19 |
| Methodology: Analysis of results achieved (departmental records) | | | |

| Measure | 2019–20 target | Result | Previous result |
|---|--|---|------------------------------|
| GDP contribution enabled by the communications sector | >\$766 billion in 2017–18 ⁷ | Target met \$802.648 billion in 2017–18 | \$766.328 billion in 2016–17 |
| Methodology: Analysis of ABS data by our Bureau of Communications and Arts Research | | | |
| Investment as a proportion of output in the communications sector | >33% in 2018–19 ⁸ | Target met 48.2% in 2018–19 | 51% in 2017–18 |
| Methodology: Analysis of ABS data by our Bureau of Communications and Arts Research. '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 Standard Industrial Classification). The value added refers to the total value of goods and services produced by an industry after deducting the costs of goods and services used in the process of production | | | |

Analysis

The latter half of 2019–20 presented 2 major challenges to supporting communications connectivity — widespread bushfires during the period from November 2019 to February 2020, and COVID-19 impacts from March 2020 onwards. These events highlighted the importance of communications services in times of crisis.

Telecommunications and broadcasting services are vital in emergencies to keep communities safe, connected and informed, and to coordinate response efforts. Under COVID-19 shutdowns and restrictions, record numbers of people were working and studying from home, relying on broadband internet and telephone services to connect to their workplaces, schools and universities, as well as to access entertainment and to keep in contact with friends and family. Use of telehealth also increased over the COVID-19 period.

Telecommunications access

Australians are used to high levels of telecommunications service availability and performance, but no communications network is 100% resilient. During the 2019–20 bushfire crisis, there were impacts on mobile coverage and fixed line services, including outages. While many were caused by interruptions to power supplies, some were due to fire destroying network infrastructure, necessitating rebuilds.

On the whole, however, mobile networks in Australia continued to improve during 2019–20. All 3 major mobile network operators have started rolling out fifth generation (5G) mobile, and in February 2020 the Australian Communications and

⁷ As expected, 2017–18 data is the most current available for 2019–20 reporting.

⁸ As expected, 2018–19 data is the most current available for 2019–20 reporting.

Media Authority (ACMA) estimated more than 400 sites across Australia had 5G-capable mobile base stations. To support fast rollout of 5G, the government is opening up more spectrum, with the next competitive 5G spectrum auction planned for early 2021.

By 30 June 2020, the NBN was able to provide access to 11.7 million premises with only a very small proportion (around 100,000 premises including 'complex connections') still requiring network construction.


Australian Bureau of Statistics data showed 46% of people worked from home in May 2020. Under COVID-19 shutdowns and restrictions, households relied more than ever on their home broadband, supported by the widespread availability of the NBN. Data usage increased by 32% to a peak data download of 14.5 Tbps during evening busy hours. NBN upload demands during business hours increased by over 100%. Fast internet was critical to the jobs of 83% of NBN Co survey respondents, and 67% expect to work from home post-pandemic.

Universal Service Obligation

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 monitor Telstra's delivery of the USO, including through monthly meetings and analysis of reporting. After the bushfires, we also reviewed relevant network remediation plans for affected areas. Our assessment of 2019–20 reporting determined that Telstra met 100% of its performance obligations.

In 2019–20, we also completed an audit of Telstra's internal USO recording and reporting systems. Telstra implemented improvements in response to the audit to provide additional assurance on the accuracy of reported performance. The independent auditor reviewed these improvements and gave a positive report.

Universal Service Obligation



Telstra is the universal service provider

It is obliged to provide standard telephone services to people in Australia on reasonable request and maintain payphones under the USO

Connection, repairs and appointments for telephone and payphone services: benchmarks exceeded in 2019–20

Standard telephone services connections:
5 out of 5 exceeded

Standard telephone services repairs:
3 out of 3 exceeded

Appointments: 1 out of 1 exceeded

Payphone repairs: 3 out of 3 exceeded

Review of policy for telecommunications in new developments

The 2015 Telecommunications in New Developments (TIND) policy provides a framework to facilitate ready access to telecommunications services for new properties. Our *Review of the 2015 TIND Policy* request for comments, released in November 2019, sought views on the policy. After analysing submissions and follow-up discussions with key submitters, we provided advice to our Minister and released draft revisions to the policy in April 2020 for comment. The proposed revisions anticipate NBN Co's new role as a statutory infrastructure provider, while continuing to reflect Telstra's legislated and contracted role as USO provider. The revised policy is now being considered by the government.

Developing the new Universal Service Guarantee

In 2019–20, we continued developing arrangements for the new Universal Service Guarantee (USG), to provide all Australian premises with access to broadband as well as voice services. The USG is underpinned by the statutory infrastructure provider (SIP) and Regional Broadband Scheme legislation, which passed parliament in May 2020. The SIP laws came into force on 1 July 2020. Work on associated subordinate legislation is well advanced. We commissioned and completed market research on telecommunications use, including payphones, by vulnerable groups. Other geospatial analysis and costing work will feed into a regional communications strategy.

Alternative Voice Services Trials



Trials are planned for 2020–21 to explore better ways to deliver voice services in rural and remote areas

\$2.0 million is allocated for the trials, through the Stronger Regional Digital Connectivity Package

Planning and consultation for the trials took place in 2019–20

We received:

- 16 submissions on the design of the trial
- submissions on the draft guidelines

Mobile coverage

Mobile phone population coverage in regional, rural and remote areas of Australia is primarily driven by the investment decisions of the 3 mobile network operators (Telstra, Optus and TPG Telecom). Private sector investment has delivered quality outcomes for most Australians. As discussed in ACMA's February 2020 Communications Report 2018–19, 4G network coverage now reaches more than 99.4% of Australia's population.

Mobile Black Spot Program

To encourage mobile coverage in small communities and along regional transport routes, we provide financial incentives through the Mobile Black Spot Program. Since the program was introduced in 2014–15, the government's \$278.0 million commitment over 5 rounds has leveraged a total investment of more than \$836 million, which is funding the delivery of 1,229 new base stations across Australia.

In April 2020, the government announced round 5 funding for 182 new mobile base stations and the start of public consultation on the design of the next round of the program, round 5A.

Mobile Black Spot Program



National Broadband Network (NBN) and NBN Co

NBN Co is delivering the NBN to ensure all Australians have access to high-speed broadband services. We support our Minister in providing shareholder oversight of NBN Co's work. In cooperation with the Department of Finance, we monitor NBN planning, rollout, consumer migration and consumer experience, as well as the relevant policy and regulatory settings. We also provide advice on the government's investment, including NBN loan settings.

NBN Co publishes rollout and take-up information in weekly progress reports. At 30 June 2020, the company had surpassed its year-end rollout and take-up targets. Through take-up, consumers and businesses are unlocking the economic benefits of the NBN.

National Broadband Network 2019–20



At 30 June 2020, 11.7 million premises were 'ready to connect' to NBN

This includes 1.7 million premises made ready to connect in 2019–20

The fixed line footprint

...now covers 10.7 million premises

Telecommunications complaints

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.

Assessing the results reported in 2019–20, we found a drop in overall complaint volumes reported to ACMA and a trend towards lower numbers of complaints escalated to the Telecommunications Industry Ombudsman (TIO). It is pleasing to see that the total number of complaints to the TIO during January to March 2020 were almost 14% lower than those during January to March 2019, despite the impact of natural disasters on telecommunications services over the 2019–20 summer. A specific spike in complaints about 'no working phone and internet service' during January to March 2020 appears to reflect the impact of the fires and other extreme weather events.

TIO reporting in 2019–20 includes data to the end of March 2020 and therefore only covers the initial impact of COVID-19. The TIO released a special report on the impact of COVID-19 in July 2020, covering the period March to June 2020. The report shows there was a rise in enquiries and complaints to the TIO from mid-March 2020, peaking in early April 2020, though not significantly above normal volumes.

The positive results in 2019–20 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.

Australia Post

Australia's postal market is open to competition for most services but Australia Post has an exclusive right to carry regular letters. We administer the Australian Postal Corporation Act 1989 and the Australian Postal Corporation (Performance Standards) Regulations 2019. In cooperation with the Department of Finance, we also provide oversight of Australia Post as a government business enterprise.

Australia Post was one of many businesses forced to adapt in response to COVID-19. It adopted additional safety measures to protect staff and customers and made operational changes to meet rapidly changing consumer habits. As Australians adapted to staying at home, for more than 10 weeks Australia Post delivered more than 2 million parcels each day, with April parcel volumes 64% higher than April 2019 and letters down by 28%. In small communities, the postal network plays an important role in providing essential services, particularly where other facilities are no longer available. Post office staff continued to assist the many elderly Australians who use the post office to pay bills and access government services, as well as people with disability or poor levels of literacy, and provide invaluable help for individuals who cannot afford computer access or have difficulty using electronic communications.

Community service obligations

The Australian Postal Corporation Act requires Australia Post to meet community service obligations, including performance standards. Standards are about frequency, accuracy and speed of mail delivery, street posting boxes and retail outlets. Australia Post provides quarterly updates on how it is performing. At 30 June 2020, the most recent reports received covered to the end of March 2020. The Australian National Audit Office conducted an independent assurance engagement. It found that Australia Post, in all material respects, complied with 100% of its community service obligations in 2019–20.

Australia Post 2019–20



Meeting community service obligations

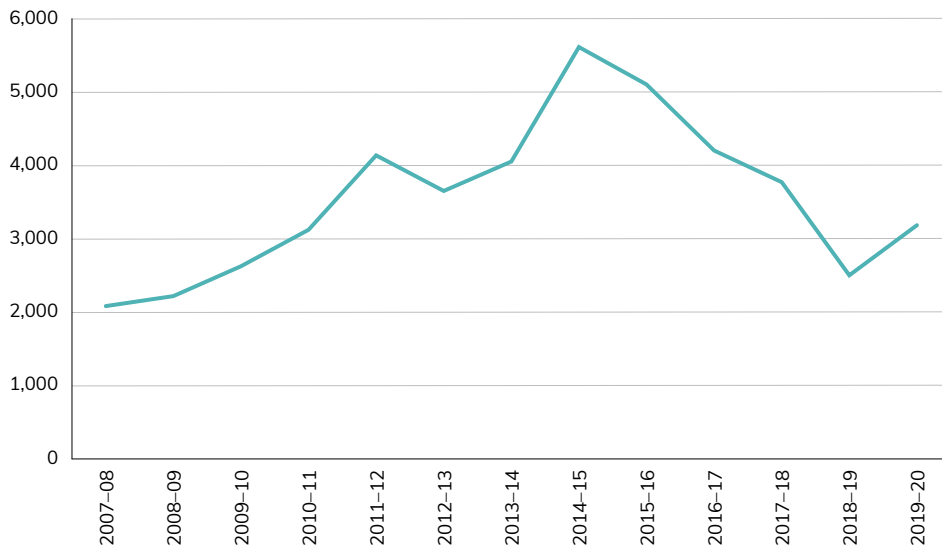
Provided at least 10,000 street posting boxes
and **at least 4,000** retail outlets

From 16 May 2020, the government temporarily adjusted Australia Post's performance standards to provide relief during the COVID-19 crisis. Relief arrangements include suspension of the priority letters services, rollout of an alternate day letter delivery model in metropolitan areas and greater flexibility to temporarily close outlets, if required, to manage the impacts of the pandemic. These arrangements apply until 30 June 2021, subject to review.

Postal services complaints

We monitor reporting on postal services complaints to the Postal Industry Ombudsman (PIO) as an indicator of the health of the postal industry. Annual complaint volumes to 2019–20 have declined significantly since they peaked in 2014–15.

Figure 4.8 Australia Post complaints received by the Postal Industry Ombudsman



Complaints about postal services tend to be seasonal, but throughout the year delivery issues, loss and delay continue to be the main complaints. The PIO report for the quarter ending September 2019 showed a 5.6% decline in complaints in the quarter compared to the same period in 2018–19. However, the quarterly reports since have shown the effect of disruptions to postal services due to the bushfires and COVID-19 that occurred in these reporting periods:

- > the December 2019 report, covering the peak period in the lead-up to Christmas, showed a small 1.6% increase in complaints in the quarter compared to 2018–19
- > the March 2020 report showed complaints increased by 4.8% compared to 2018–19; however, factoring in disruptions caused by the widespread summer bushfires and COVID-19, the PIO considers the number of complaints about delays was modest
- > the June 2020 report showed complaints increased by 92.8% compared to 2018–19. The PIO has reported that complaints were trending downwards as postal services resumed to normal operations after the bushfires but significantly increased from 23 March 2020.

Although the number of complaints has increased 20% compared to the previous year, the PIO considers this increase to be moderate in the context of COVID-19 and in comparison to complaint levels of previous years.

Inclusiveness

Affordability of telecommunications services

Communications services are essential to meaningful participation in our economy, society, education and democracy and 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 2018–19, from December 2019. The report found telecommunications prices fell in real terms from 2017–18 to 2018–19
- > telecommunications affordability indexes, based on the Household, Income and Labour Dynamics in Australia (HILDA) Survey. In 2018, the most recent year in the indexes, affordability stayed the same for the average household, and for typical mobile and fixed bundles
- > telecommunications market competition and NBN pricing. ACCC reporting shows that, since 2009, the speed and monthly data allowances for typical broadband services have improved significantly, while the real price that consumers pay (in 2019 terms) has been steadily dropping. In 2019–20, NBN Co maintained pricing well below regulatory pricing caps. NBN plans were available from \$30 per month for 10GB, through to \$65 per month for an unlimited data plan
- > outcomes of the Australian Digital Inclusion Index, an annual report by RMIT University based on Roy Morgan Research data. The September 2019 report showed an overall improvement in digital inclusion, including compared to the previous year, and more dramatically over a 5-year period
- > consumer price index information 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 by 3.6% over the year to June 2020.

Overall, we found affordability of telecommunications has improved in 2019–20.

Access for people with disability

In 2019–20, we continued to facilitate access for people with disability, including through the National Relay Service (NRS), maintaining the framework for captioning and administering a grants program supporting the introduction of audio description on ABC and SBS.


National Relay Service

The NRS is provided under contract and funded from our Public Interest Telecommunications Services Special Account. It allows people who are deaf, are hard of hearing and/or have a speech impairment to make and receive phone calls. The NRS relayed more than half

a million calls in 2019–20. Costs in 2019–20 totalled \$34.8 million, including a series of one-off costs to transition between service providers. These costs were fully recovered through the telecommunications industry levy.

We review monthly and quarterly NRS data, which indicates service was maintained for services other than Captel in 2019–20. [Accesshub](#), on our website, provides information about other accessible communications options.

National Relay Service 2019–20



Concentrix Services Pty Ltd took over responsibility for delivering the **National Relay Service** in 2019–20

Assisting hearing or speech impaired callers

More than half a million calls connected
A new **'text and listen'** option introduced

Television captioning

We advise the government on policy for television captioning, while ACMA is responsible for administering captioning regulation. At the end of 2019–20, ACMA had released information about captioning compliance for 2017–18. For this period, ACMA stated all subscription TV services reported compliance with their captioning targets and free TV services reported a high level of compliance.

Television audio description

Audio description is a verbal commentary to provide greater access to television content for people who are blind or vision impaired. We develop policy and administer a grants program to support audio description on Australian free-to-air TV.

The ABC and SBS received grants of \$2.0 million each in 2019–20 to provide audio description across an average of 14 hours of weekly programming. From 28 June 2020, audio description is being made available on a range of popular television programming across the networks, including ABC1, ABC Kids, ABC Comedy, ABC ME, SBS and SBS Viceland.

The digital safety regulatory framework and online safety

We advise on the framework to help Australians stay safe online to ensure that the regulatory settings address new and emerging technologies. This work helps the framework appropriately address online harms, particularly for vulnerable members of the community.

Online gambling

We advise government on 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 may not provide any consumer protections. In November 2019, ACMA received new powers to block illegal gambling websites. ACMA made 66 requests under section 313 of the Telecommunications Act 1997 to internet service providers to block access to illegal online gambling services. ACMA referred 3 individuals for inclusion on the Movement Alert List for contravening the Interactive Gambling Act 2001, which can disrupt travel to Australia for directors and principals of offending companies.

Gambling advertising during online streams of live sports

We advise government on gambling advertising regulation in Australia, including rules which restrict the showing of gambling promotions during online streams of live sporting events. The Broadcasting Services (Online Content Service Provider Rules) 2018 (Online Rules) restrict the showing of gambling promotions during online streams of live sporting events. The Online Rules came into effect in September 2018 and were made, and are administered, by ACMA. There were 2 breaches found in 2019–20 for gambling promotions during online streams of live sporting events.

Online Safety

We advise government on the effectiveness of the framework to help Australians stay safe online. We work to keep regulatory settings up to date and can address online harms appropriately, particularly for the most vulnerable members of the community. We provide oversight of the eSafety Commissioner. In 2019–20, the eSafety Commissioner:

- > received 690 cyberbullying complaints, an increase of 30% on the previous year
- > received over 2,700 reports of image-based abuse, an increase of 184% on the previous year
- > provided advice to 1,064 adult complainants experiencing cyber abuse, an increase of 12% on the previous year.

The national online safety survey, which was conducted in June and July 2020, asked more than 5,400 adults, teachers, carers and parents and their children about their experiences of harmful online conduct and content. The government is considering the findings of this survey.

The national online safety survey will run until June 2023 as part of a national online safety research program at a cost of \$3.8 million over 5 years. This program will track eSafety online safety issues and trends over time and provide a solid evidence base for evaluation and reform.

Sustainable economic growth

International engagement

To promote international outcomes that support Australia's economic growth, we represented Australia at international communications forums. These forums are important to our national communications framework, including to Australian businesses staying globally competitive. We achieved positive results through international engagement in 2019–20.

Radiocommunication conferences

The World Radiocommunication Conference (WRC), held every 3 to 4 years, is the main international meeting of the International Telecommunication Union – Radiocommunication Sector (ITU-R). Over 4 weeks of meetings in November 2019, our delegation negotiated with more than 3,000 international representatives on around 50 technical and regulatory issues. We played a significant role on several agenda items, including a declaration to improve gender equity and parity in ITU-R and the development of a new regulatory regime for large satellite constellations.

Other key outcomes from WRC-19 include the identification of approximately 15 GHz of mmWave spectrum for mobile services, new regulations to enable broadband internet connectivity on planes, ships and trains, and the modernisation of maritime safety systems.

World Radiocommunication Conference 2019 (WRC-19)



WRC-19 took place in Sharm el-Sheikh, Egypt, from 28 October to 22 November 2019

WRC-19

We led Australia's delegation of 31 government and industry representatives, including from ACMA

Universal Postal Union congresses

We attended the September 2019 Universal Postal Union (UPU) extraordinary congress in Geneva, Switzerland. Member countries unanimously agreed to new international remuneration rates for the delivery of inbound international bulky letters and small packets. The new rates will help Australia Post better cover its costs — under the previous system, it lost tens of millions of dollars delivering small packets every year.

We are also a member of the UPU Council of Administration, which governs the UPU between congresses. At council meetings in February 2020, we received unanimous endorsement for our proposal to develop a gender policy and remove gendered language from the UPU Acts. We will take the proposal to the next congress, for agreement by all member countries.

Telecommunications forums

The International Telecommunication Union (ITU) is the United Nations specialised agency for information and communication technologies. In June 2020, we attended the ITU Council meeting. Throughout the year, we also participated in regional forums as part of the Asia-Pacific Telecommunity and the Asia-Pacific Economic Cooperation Telecommunication and Information Working Group.

Key achievements at the ITU Council included:

- > improving governance of the ITU, establishing an internal investigative function and launching an independent investigation of finances
- > implementing reforms in the development sector and strengthening ITU regional presence
- > achieving a higher profile for gender mainstreaming
- > advancing the development of priority projects, including for child online protection.

Internet governance forums

| | | |
|---|--|---|
|  | <p>Internet Corporation for Assigned Names and Numbers (ICANN)</p> <p>The United States based non-profit organisation that coordinates the internet's naming and numbering systems at a global level</p> <p>Australia is a member of ICANN's Governmental Advisory Committee</p> | <p>Global Internet Governance Forum (Global IGF)</p> <p>A multi-stakeholder forum mandated by the United Nations, designed to inform decision-making and facilitate knowledge exchange on internet governance issues</p> |
|---|--|---|

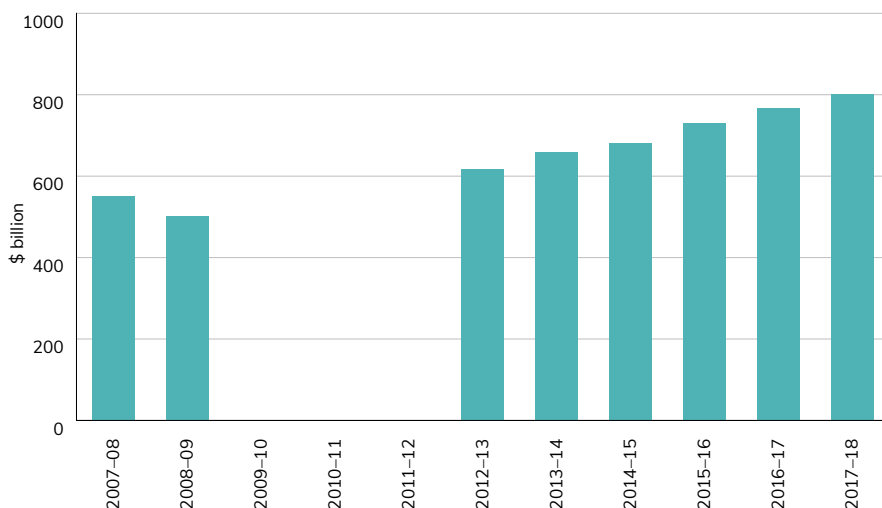
Throughout 2019–20, we advocated an open, free and secure internet and a multi-stakeholder approach to internet governance at forums. We also strengthened our relationships with government counterparts and industry and civil society stakeholders.

Investment and economic growth in the Australian communications sector

We advise government on policy and regulatory settings that enable the communications sector to invest and innovate, to compete internationally and to meet consumer needs. We support government decision-making to facilitate major spectrum allocations. We also administer the legislation governing spectrum management, and the carrier powers and immunities framework. Powers and immunities provide a nationally consistent framework for the deployment of telecommunications facilities, reducing cost for carriers and protecting landowner interests. In 2019–20, we progressed reforms to the framework to improve its operation and enable the more efficient deployment of telecommunications networks, including 5G.

The communications sector makes up a small proportion of Australia's GDP (\$42.883 billion in current price terms, which is approximately 2.4% of overall GDP). Nonetheless, it has a broader impact on the general economy. We estimate GDP contribution critically enabled by the communications sector in 2017–18 at \$802.648 billion.⁹ This figure is up \$36.320 billion compared to 2016–17.

Figure 4.9 GDP critically enabled by communications services



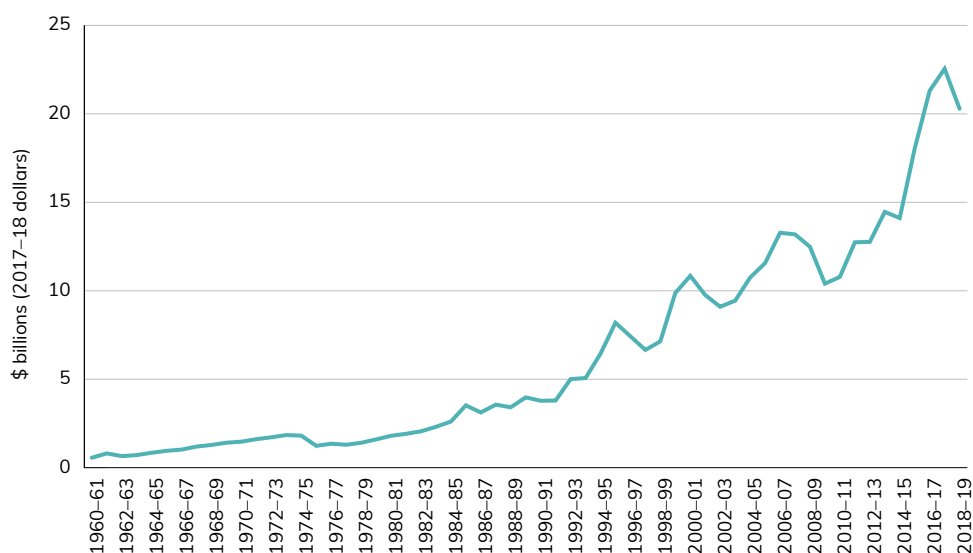
Note: Data not available for 2009–10 to 2011–12. Figure is in current price terms.

Source: Estimates based on Australian Bureau of Statistics (various dates) 5209.0.55.001 — Australian National Accounts: Input-Output Tables.

⁹ This estimate uses Australian Bureau of Statistics data on the GDP contribution from industries that use 5% or more of their total intermediate inputs from the communications sector.

Measuring investment as a proportion of output in the communications sector provides insight into the level of investment in the sector. Investment includes funds for 5G infrastructure, fixed line broadband access networks, transmission networks, submarine cables, wireless facilities and data centres. Data for 2018–19, the most current available, shows that investment as a proportion of output in the communications sector was 48.2%.

Figure 4.10 Investment in communications services



Source: Australian Bureau of Statistics 5204.0 — Australian System of National Accounts, table 64.

Spectrum allocations and management

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 2019–20, we worked closely with ACMA to support policy and regulatory decisions. We also progressed reforms to the Radiocommunications Act 1992 to update the spectrum management framework, so it remains fit for purpose and flexible enough to adapt to changing needs. In particular, in 2019–20 we supported:

- > a reallocation declaration to facilitate the allocation of spectrum in the 26 GHz band by auction in 2021
- > the allocation of the 850/900 MHz bands, which are pivotal to the delivery of mobile services across Australia, by auction planned for late 2021
- > early public consultation on an exposure draft for legislative changes.

Building community confidence in 5G safety

In 2019–20, we guided reforms of the Australian Government’s Enhanced Electromagnetic Energy (EME) Program. Under new arrangements, the government will invest \$9.0 million over 4 years from 2019–20 to 2022–23 to build public confidence in the safety of electromagnetic energy as used in telecommunications networks. This includes funds for more research by the Australian Radiation Protection and Nuclear Safety Agency and funds for us to provide the community with accurate sources of information on EME.

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



Creativity and culture



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

Purpose

Creativity and culture

Supporting inclusiveness and growth in Australia’s creative sector, and protecting and promoting Australian content and culture

Results

Table 4.7 Results for measures related to creativity and culture

| Measure | 2019–20 target | Result | Previous result |
|--|---|--|---|
| 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 | To maintain or increase 2019–20 results compared to annual averages since 2012–13 (when the engagement indicators were established): a) ≥9.7 million b) ≥7.0% c) ≥43.6 million | Target met In 2019–20: a) 11.5 million b) 9.6% c) 47.4 million | In 2018–19: a) 10.6 million ¹⁰ b) 8.7% c) 49.5 million |
| Methodology: Analysis of reporting from the national cultural institutions | | | |
| Assessment of the impact of our activities to support inclusion of: a) regional, rural and remote Australians b) people with disability | Positive results achieved in 2019–20 | Target met Positive results achieved in 2019–20 | We achieved positive results in 2018–19 |
| Methodology: Analysis of regional grant program roll-out; and analysis of advancement of the National Arts and Disability Strategy | | | |
| GDP contribution by the creative and cultural sectors, including: a) overall contribution b) contribution of broadcasting, electronic or digital media and film c) contribution of music composition and publishing | In 2017–18 ¹¹ : a) ≥\$111.713 billion b) ≥\$9.707 billion c) ≥\$148.0 million | Target partially met In 2017–18: a) \$115.185 billion b) \$9.659 billion c) \$147.1 million | In 2016–17: a) \$111.713 billion b) \$9.707 billion c) \$148.0 million |
| Methodology: Analysis of ABS data by our Bureau of Communications and Arts Research | | | |

¹⁰ In-person visits to national collecting institutions was reported at 10.4 million in the 2018–19 Annual Report. The difference is due to a correction provided by one of the institutions.

¹¹ As expected, 2017–18 data is the most current available for 2019–20 reporting.

| Measure | 2019–20 target | Result | Previous result |
|---|--|--|---|
| Philanthropic funding to the creative and cultural sectors, including: a) estimated private sector support to the arts b) to organisations on the Register of Cultural Organisations (ROCO) | In 2018–19 ¹² : a) ≥\$319 million b) ≥\$100 million | Target met In 2018–19: a) \$344.9 million b) \$132.4 million | In 2017–18: a) \$319.1 million b) \$135.8 million |
| Methodology: Analysis of ABS data by our Bureau of Communications and Arts Research; and analysis of reporting by ROCO-listed organisations | | | |
| Number of students successfully completing courses at national elite performing arts training organisations | ≥800 in 2019 | Target met 1,046 in 2019 | 1,056 in 2018 |
| Methodology: Analysis of reporting by the arts training organisations | | | |
| Assessment of the impact of our activities on supporting, preserving and celebrating: a) Indigenous languages, arts and culture b) Australian creativity and cultural engagement internationally | Positive results achieved in 2019–20 | Target met Positive results achieved in 2019–20 | We achieved positive results in 2018–19 |
| Methodology: Analysis of a range of resources on Aboriginal and Torres Strait Islander visual arts, languages and repatriation, and international cultural engagement | | | |
| Assessment of the effectiveness of the content regulatory framework for classification, Australian content and copyright | Reporting in 2019–20 shows positive results | Target met Reporting in 2019–20 shows positive results | We achieved positive results in 2018–19 |
| 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; and analysis of data from the annual Consumer Survey on Online Copyright Infringement | | | |

¹² As expected, 2018–19 data is the most current available for 2019–20 reporting.

| Measure | 2019–20 target | Result | Previous result |
|--|---|--|---|
| Assessment of whether the media regulatory framework is fit for purpose | Reporting in 2019–20 shows positive results | Target met Reporting in 2019–20 shows positive results | We achieved positive results in 2018–19 |
| Methodology: Analysis of reporting by ACMA on media audiences, advertising trends and broadcasting complaints, and reporting by ABC and SBS on audience metrics | | | |

Analysis

Since March 2020, COVID-19 restrictions have changed the way Australians engage with creativity and culture. For example, restrictions on live performance venues have limited opportunities for the performing arts sector, and the online experience has become increasingly important as an alternative to in-person visits to performances, cultural institutions and events.

Inclusiveness and access

Engagement with the national cultural institutions

The national cultural institutions promote participation in Australia's rich creative and cultural heritage, and develop our diverse creative practitioners. We engage closely with these institutions and advise government on governance, policy and funding:

- > Australia Council
- > Australian Film, Television and Radio School
- > Creative Partnerships Australia
- > Screen Australia
- > the national collecting institutions:
 - Australian National Maritime Museum
 - Bundanon Trust
 - National Film and Sound Archive of Australia
 - National Gallery of Australia
 - National Library of Australia
 - National Museum of Australia
 - National Portrait Gallery of Australia.

The Museum of Australian Democracy at Old Parliament House, another collecting institution, is included in our reporting to make our data as comparable and consistent as possible across financial years — however, since September 2019, its administration moved to the Prime Minister and Cabinet portfolio.

Since reporting started in 2012–13, trends show that in-person visitor numbers to the national collecting institutions remain high, even in an increasingly digital environment. Visitor numbers totalled 11.5 million during 2019–20, with the reduction in on-site visitors due to reduced visitation during the summer bushfires and the closure of the national collecting institutions for extended periods during the COVID-19 pandemic.

Significant disruptions at the National Gallery of Australia



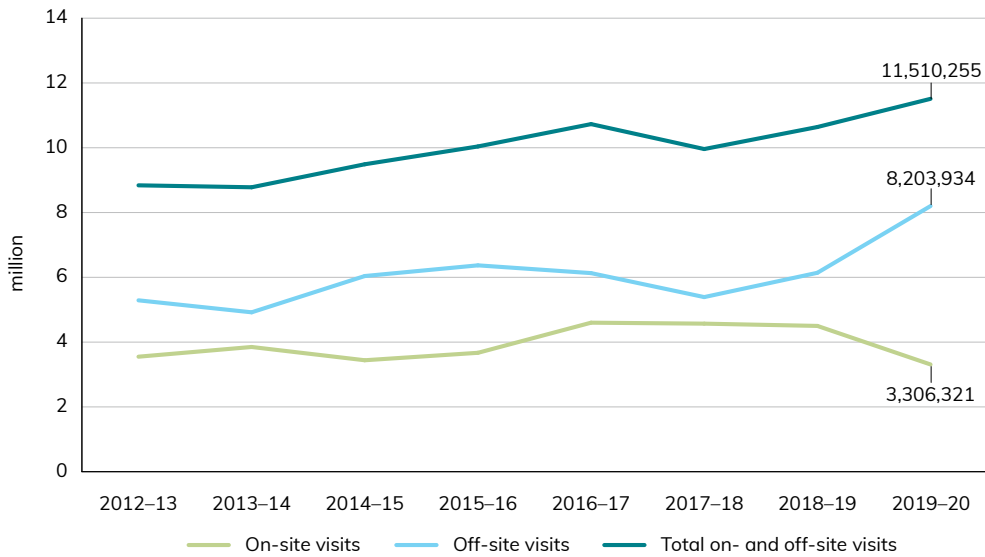
NGA
National Gallery of Australia

During COVID-19 shutdowns,
shut for 71 days
On reopening, additional safety measures such as timed entry sessions and social distancing

During the 2019–20 bushfires,
visitor numbers were down 50%
The gallery **shut for 2 days** due to smoke and hazardous air quality

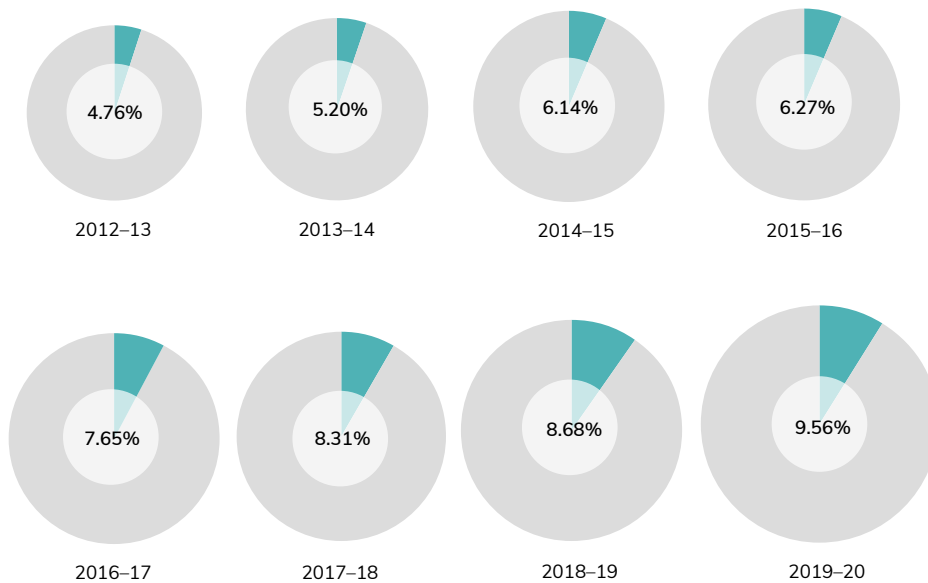
The percentage of objects held by national collections accessible online grew to 9.6% and website visits to the national cultural institutions totalled 47.4 million in 2019–20. Digitisation of national collections improved access and is supporting greater audience participation.

Figure 4.11 In-person visits to national collecting institutions



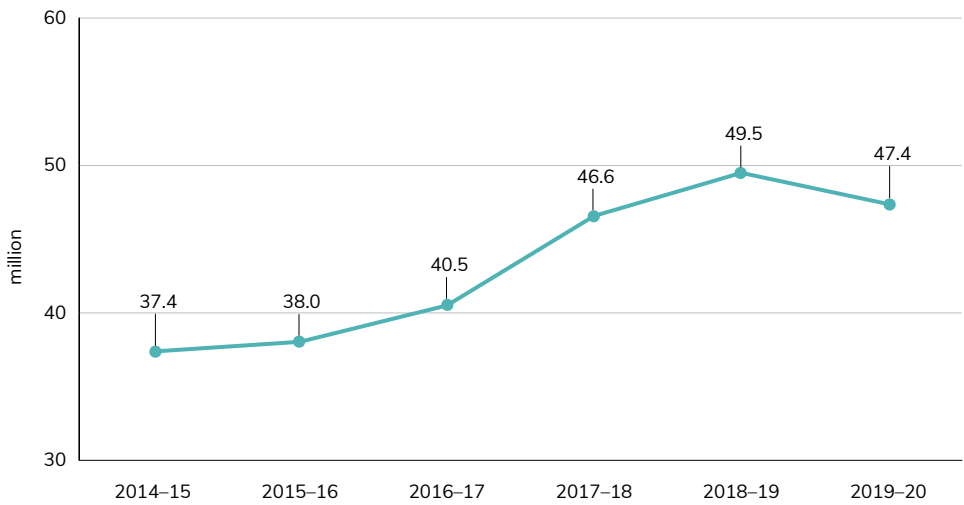
Note: Off-site visits include visits to travelling and outreach programs/supported events/exhibitions (including viewing artworks and cultural objects on loan from collecting institutions).

Figure 4.12 Objects held by national collecting institutions accessible online



Note: Circle size is proportionate to collection size.

Figure 4.13 Website visits to the national cultural institutions



Note: Data from 2012-13 and 2013-14 was collected but has been omitted from this graph. A change in analytics methodology between 2013-14 and 2014-15 means that earlier years are not comparable to the data shown.

Inclusion for regional, rural and remote Australians

Our grants programs improve access for regional, rural and remote Australians to creativity and culture. Throughout 2019-20, we provided funding to improve arts in regional and remote areas. This included \$1.0 million to support the development and touring of 16 exhibitions to 7 national collecting institutions.

We provided crisis payments to support communities affected by natural disasters and COVID-19. For example, in 2019-20, we provided a \$10.0 million Regional Arts Fund crisis payment to support affected regional and remote communities.

The Hannah Cabinet



Hannah Cabinet

In 2019–20, we contributed \$360,000 to help Lismore Regional Gallery purchase the Hannah Cabinet. The cabinet, created by Australian craftsman Geoff Hannah, is a unique and significant piece featured at the gallery since October 2017. Displaying the piece has helped increase gallery visitor numbers from around 45,000 to 100,000 per year.

Credit: Photograph courtesy of Clayton Lloyd, photographer.

Inclusion for people with disability

The 2009 National Arts and Disability Strategy is an initiative of the Australian Government and state and territory governments. The strategy improves access to and participation in the arts by people with disability. We are currently renewing the strategy, but COVID-19 has delayed our efforts as we were unable to conduct some important targeted consultations.

To support the strategy in 2019–20 we:

- > launched the online portal of accessible arts and cultural activity, ARTfinder National, now known as [Choose Art](#)
- > launched an online [arts and disability resource hub](#)
- > worked with the National Disability Insurance Agency to develop and publish [My Art Goals: NDIS and the Arts](#), to provide information and examples of how the National Disability Insurance Scheme can be used to achieve creative and cultural goals
- > promoted International Day of People with Disability on 3 December 2019.

We continued working closely with the Department of Social Services and the National Disability Insurance Agency to ensure the arts is considered in national disability policy.

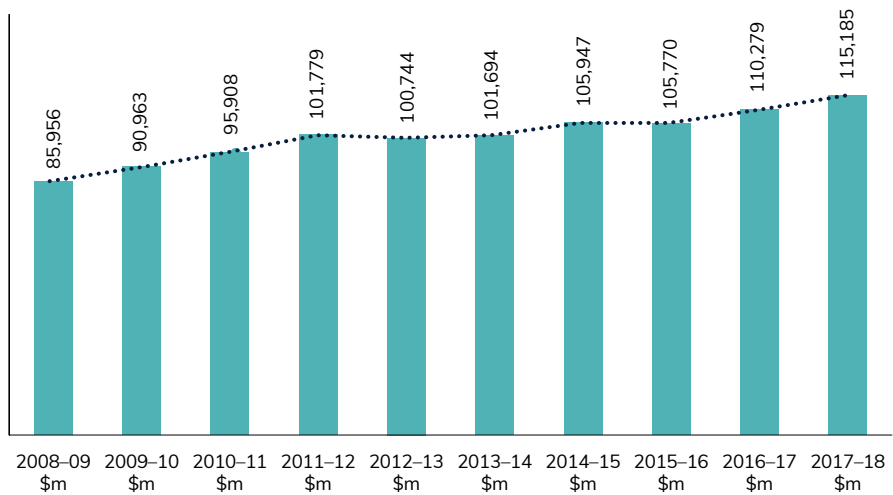
Growth

The economic value of creative and cultural activity

Our programs and policies support a sustainable, innovative and strong creative sector. When 2019–20 information becomes available, we expect it will show a dip in GDP contribution, due to the impacts of COVID-19.

The Bureau of Communications and Arts Research has conducted research on creative and cultural activity across the economy to 2017–18, the latest year for which data is available. This found creative and cultural activity contributed \$115.185 billion to the Australian economy in 2017–18, equating to 6.3% of GDP.

Figure 4.14 Creative and cultural activity: GDP national accounts basis

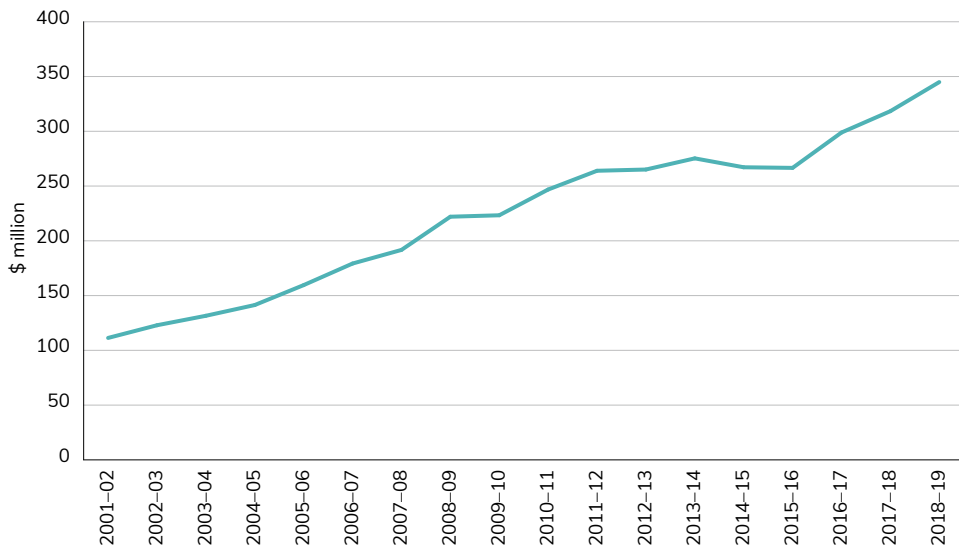


Philanthropic funding to the creative and cultural sectors

Philanthropy and corporate sponsorship play an essential role in the sustainability and growth of Australia's creative and cultural sectors. We oversee Creative Partnerships Australia, which is the Australian Government's primary body for encouraging and facilitating greater private sector support for the arts.

We estimate annual private sector support to the arts based on data from the Australian Bureau of Statistics. The most recent results, from 2018–19, estimate private sector support to the arts at \$344.9 million, an increase of \$25.8 million compared to 2017–18.

Figure 4.15 Private sector support for the arts in Australia (estimate)



We also maintain the Register of Cultural Organisations, a list of cultural organisations that can receive tax deductible gifts. Donations to organisations on the register totalled \$132.4 million in 2018–19, down \$3.5 million compared to results calculated the previous year.

Developing, protecting and promoting Australian culture

Arts training organisations

With our support, the national elite performing arts training organisations provide Australia's most talented performing artists with the opportunity to excel in their chosen fields. The 7 national elite performing arts training organisations are:

- > 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, 1,046 students successfully completed courses in 2019. Data from the most recent reporting period (1 July to 30 September 2019) shows 2,118 people auditioned for 710 new core course places offered in 2020, demonstrating continued demand for elite performing arts training.

Aboriginal and Torres Strait Islander languages, arts and culture

We achieved positive results in 2019–20 supporting, preserving and celebrating Aboriginal and Torres Strait Islander arts, languages and culture.

The United Nations General Assembly declared 2019 the International Year of Indigenous Languages. To raise awareness of the critical state of Australia's first languages and to contribute to their preservation, we developed and successfully delivered the [Australian Government Action Plan for the 2019 International Year of Indigenous Languages](#).

In 2019–20, we provided \$150,000 to trial the use of QR Code labelling to improve information to consumers on authentic Aboriginal and Torres Strait Islander products. The trial commenced in 2019–20 with 3 art centres, Tangentyere in the Northern Territory, Martumili in Western Australia and Giringun in Queensland. Additional art centres have expressed interest in adopting the labelling in the future.

The Indigenous Visual Arts Industry Support Program is one of our administered items to support, preserve and celebrate Aboriginal and Torres Strait Islander arts, languages and culture. Information on all arts and cultural development administered items is included in the section of these statements titled 'Oversight and efficiency'.

Indigenous Visual Arts Industry Support Program Relief and Recovery Fund Arts Package



From April to June 2020, we provided additional financial support to **82 arts centres** facing sudden loss of revenue due to COVID-19-related restrictions

Australian creativity and cultural engagement

We work with international and domestic partners to support and celebrate Australian creativity and culture internationally. These programs achieved positive results in 2019–20.

International Cultural Diplomacy Arts Fund

Through the International Cultural Diplomacy Arts Fund, we invest in activities that advance Australia's cultural interests and reputation abroad and strengthen Australia's international people-to-people relationships. Further information is included in the section of these statements titled 'Oversight and efficiency'.

Preserving and promoting Australia's cultural heritage

We work to preserve and promote Australia's cultural heritage through our administered items, our repatriation work and the allocation of additional funding to Bundanon Trust.

Further information on the objectives and operations of our administered items in 2019–20 is included in the section of these statements titled 'Oversight and efficiency'.

Indigenous Repatriation Program, 2019–20



We worked with representatives from **12 communities** and representative bodies to facilitate these returns

We facilitated returns to communities of origin

45 Aboriginal and Torres Strait Islander Australian ancestors from the State Ethnographic Collections in Germany
14 ancestors and **15 secret sacred objects** from 2 Australian museums

Protecting and promoting Australian content

The regulatory framework to protect Australian content includes classification, quotas and expenditure obligations for broadcasters, and copyright. In assessing the effectiveness of the content regulatory framework, we found reporting in 2019–20 showed positive results.

Classification

We maintain regulations for the classification of films and computer games and provide support to the [Classification Board](#) and [Classification Review Board](#), to enable them to make classification decisions. We also administer 2 approved classification tools, the Netflix Classification Tool and the International Age Rating Coalition Tool.

Table 4.8 Classifications made, 2019–20

| Classification jurisdiction | Determinations made | Complaints |
|---|---------------------|------------|
| Classification Board | 3,026 | 250 |
| Classification Review Board | 0 | 0 |
| Netflix Classification Tool | 1,525 | 20 |
| International Age Rating Coalition Tool | 226,713 | 9 |

In December 2019, the government announced a review of Australian classification regulation led by Mr Neville Stevens AO. The review was conducted to inform the design of a contemporary classification framework. We provided support to the review, which involved a public submissions process and meetings with stakeholders.

Content quotas and expenditure obligations

We continued to monitor complaints and investigations into content and expenditure obligations, as well as the evolving marketplace for delivering broadcast and other video content to Australian consumers. In 2019, compliance was good:

- > all commercial television licensees met transmission quotas and sub-quota requirements
- > all commercial radio stations were compliant with the quota obligations.

In 2019–20, we also progressed deregulation initiatives. A bill introduced to parliament in June 2020 proposes changes to the Broadcasting Services Act 1992 to provide regulatory relief and greater flexibility for regional and remote commercial radio and television broadcasters.

Copyright

Copyright encourages industries and creators to make and disseminate new creative works, while also allowing appropriate access to, and use of, these works in the public interest. We continued to monitor the amount paid to content creators by major collecting societies to assess the effectiveness of the copyright system. In 2018–19 (the most recent year for which data is available), the amount the 2 declared collecting societies paid to their members effectively remained steady. The reduction in Copyright Agency revenue reflects a negotiated decrease in education licensing rates to better reflect use of copyright content under the statutory licence.

Table 4.9 Copyright payments by collecting societies

| Collecting society | Amount paid 2018–19 | Amount paid 2017–18 |
|----------------------|---------------------|---------------------|
| The Copyright Agency | \$116.6 million | \$123.9 million |
| Screenrights | \$40.9 million | \$42.8 million |

High levels of copyright infringement can have a negative impact on the creative industry through lost earnings. Our annual [consumer survey on online copyright infringement](#) showed:

- > lawful consumption of digital content continued to rise
- > efforts to remove access to infringing websites remain an effective way to influence individual behaviour
- > 37% of respondents indicated they would seek lawful access to material if they encountered a blocked site.

During 2019–20, we continued to progress initiatives to review the effectiveness of our copyright system, including the government's response to the ACCC Digital Platform Inquiry to set out a plan to review online enforcement mechanisms in late 2020. We also participated in international meetings to facilitate trade and investment in intellectual property. These included meetings of the World Intellectual Property Organization and bilateral free trade negotiations with the European Union and the United Kingdom.

Supporting education during COVID-19



During COVID-19 shutdowns, many educational institutions moved to online teaching, **increasing the risk of copyright infringement** in the education sector

Advising on copyright

We advised government on impacts of the copyright system, for copyright owners and users of copyright material

Media regulatory framework

We work to facilitate a fit-for-purpose media regulatory framework. In assessing outcomes in 2019–20, we found large media audiences continued (including for the national broadcasters), and broadcasting complaints were low in number. Throughout the year, we continued to progress media reforms, including in response to COVID-19 impacts.

Audiences, broadcasting complaints and investigations

In 2019–20, we continued to monitor broadcasting complaints and investigations to assess whether Australian television content and classification regulatory and policy frameworks remain fit for purpose and support the creation and distribution of Australian content.

ACMA is responsible for receiving broadcasting complaints and undertaking investigations into broadcasters' compliance with codes of practice, licence conditions and standards related to the Broadcasting Services Act 1992. In its 2018–19 Annual Report, ACMA reported no complaints or investigations involving compliance with:

- > the regional commercial television local content licence condition to broadcast minimum amounts of material of local significance
- > the regional commercial radio local content licence condition to broadcast prescribed amounts of material of local significance between 5am and 8pm on business days.

ACMA also noted that all metropolitan commercial television broadcasting licensees reported meeting primary channel (55%) and non-primary channel (1,460 hours) transmission quotas for Australian content in 2018, and all regional licensees met the required number of hours of Australian content on their non-primary channels.


We continue to monitor media audiences. ACMA's 2018–19 Communications Report, published in January 2020, found:

- > free-to-air television continues to hold the largest share of viewing hours, although this is in decline
- > a majority of Australians watch some form of video content online
- > Netflix remains the most popular subscription video on demand service, with 5.6 million Australian subscribers.

The national broadcasters

We make payments to fund the operations of the national broadcasters to ensure that services continue in line with their charters. Metrics demonstrate the importance of the national broadcasters to the Australian community. Reporting released by ABC and SBS in 2019–20 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

| | | |
|---|--|---|
|  | <div style="background-color: #00728f; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">ABC</div> <p>ABC's 2018–19 Annual Report indicates around 82% of Australians believe the ABC performs a valuable role in the Australian community. This represents a one percentage point decrease in community sentiment compared to 2017–18.</p> <p>In 2019, combined national audience reach was estimated at 68.3% over one week. This represents a 1.9 percentage point decrease compared to 2018 (70.2%).</p> | <div style="background-color: #00728f; color: white; padding: 5px; text-align: center; font-weight: bold; font-size: 1.2em;">SBS</div> <p>In its 2018–19 Annual Report, SBS reported it:</p> <ul style="list-style-type: none"> • maintained overall audience reach • reached each month approximately: <ul style="list-style-type: none"> – 12.3 million viewers on TV – 4.5 million users on digital platforms |
|---|--|---|

Progress of media reforms

In 2019–20, we continued to work with our industry partners to determine whether our regulatory frameworks remain fit for purpose. COVID-19 led to further declines in advertising revenue, job losses and temporary stand-downs, and closures and suspensions of a range of media outlets. We have assisted the government to introduce a package of measures to support the media sector during this time including:

- > a new \$50.0 million Public Interest News Gathering program opened in May to support public interest journalism delivered by commercial television, newspaper and radio businesses in regional Australia (payments will be made in 2020–21)
- > the release of \$5.0 million from the Regional and Small Publishers Innovation Fund to support public interest journalism in 2020–21
- > introducing a 12-month waiver of spectrum tax for commercial television and radio broadcasters, worth \$41.0 million from 2019–20 to 2020–21
- > emergency suspension of content quotas in 2020
- > release of [an options paper](#) developed by Screen Australia and ACMA, commencing a fast-tracked consultation process on how best to support Australian stories on our screens.

The media sector also benefited from the government's broader package of measures to address the economic consequences of COVID-19, including the JobKeeper payment.



Oversight and efficiency



We are committed to being efficient and effective in our work. For us, being efficient is about making the most of the resources we have — getting the most we can for Australians with our budget and systems. We also provide oversight to our portfolio entities, focusing on their governance and performance.

This section outlines the results of measures from the 2019–20 Communications Corporate Plan on our efficient management of communications and arts administered items, and oversight of communications and arts portfolio entities. As measures are set in the corporate plan and PB statements, these were set before the merger of our department. The 2019–20 Infrastructure Corporate Plan did not include oversight and efficiency measures. This is addressed in our 2020–21 Corporate Plan.

Results

Table 4.10 Results for measures related to providing oversight and ensuring efficiency

| Measure | 2019–20 target | Result | Previous result |
|---|--|---|--|
| Expenses for digital technologies and communications services (program 1.1 in the Communications PB Statements) | 2019–20 expenses are within 5% of published budget figures | Target not met \$1.785 billion, which was 5.8% less than budgeted in the 2019–20 Portfolio Additional Estimates Statements (PAES) | \$1.847 billion in 2018–19 |
| Methodology: Analysis of financial statements | | | |
| Expenses for arts and cultural development (program 2.1 in the Communications PB Statements) | 2019–20 expenses are within 5% of published budget figures | Target not met \$723.6 million, which was 5.5% more than budgeted in the 2019–20 PAES | \$712.2 million in 2018–19 |
| Methodology: Analysis of financial statements | | | |
| Assessment of the effectiveness of the department's oversight of communications portfolio entities | Effective in 2019–20 | Target met Effective in 2019–20 | Our oversight was effective in 2018–19 |
| Methodology: Analysis of oversight actions required and performed for each entity | | | |
| Assessment of the effectiveness of the department's oversight of arts and cultural portfolio entities | Effective in 2019–20 | Target met Effective in 2019–20 | Our oversight was effective in 2018–19 |
| Methodology: Analysis of oversight actions required and performed for each entity | | | |
| Assessment of whether program 1.1 (digital technologies and communications services) administered items are delivered efficiently | Administered items are delivered on time and on budget in 2019–20, indicating efficient delivery | Target partially met We delivered 15 of 17 digital technologies and communications services administered items on time and on budget in 2019–20 | We delivered 14 of 17 program digital technologies and communications services administered items on time and on budget in 2018–19 |
| Methodology: For each administered item, analysis and comparison between projected and actual milestones and budget | | | |

| Measure | 2019–20 target | Result | Previous result |
|--|--|--|---|
| Assessment of whether program 2.1 (arts and cultural development) administered items are delivered efficiently | Administered items are delivered on time and on budget in 2019–20, indicating efficient delivery | Target met We delivered all 28 arts and cultural development administered items on time and on budget in 2019–20 | We delivered all arts and cultural development administered items on time and on budget in 2018–19, indicating efficient delivery |
| Methodology: For each administered item, analysis and comparison between projected and actual milestones and budget | | | |

Analysis

Expenses

Our total program expenditure in 2019–20 was \$8.273 billion. This figure does not include \$4.410 billion paid to state and territory governments under Infrastructure National Partnership Agreements — the Department of the Treasury reports these payments.

Of 12 programs, our largest budget programs in 2019–20 were the local government program, which totalled \$2.576 billion and the digital technologies and communications services program, totalling \$1.785 billion. From the latter program, we provided \$1.352 billion (75.7%) to the national broadcasters (ABC and SBS).

Oversight of portfolio entities

We provide oversight for our portfolio entities, focusing on:

- > entity corporate planning and annual reporting
- > budget and operational funding
- > governance arrangements, including board appointments
- > operational policy settings.

In 2019–20, we provided oversight for the following entities:

- | | |
|--|--|
| > ABC | > Australian Maritime Safety Authority |
| > ACMA | > Australian National Maritime Museum |
| > Airservices Australia | > Australian Rail Track Corporation |
| > Australia Council | > Australian Transport Safety Bureau |
| > Australia Post | > Bundanon Trust |
| > Australian Film, Television and Radio School | > Civil Aviation Safety Authority |

- > Creative Partnerships Australia
- > Infrastructure Australia
- > Moorebank Intermodal Company
- > National Capital Authority
- > National Faster Rail Agency
- > National Film and Sound Archive of Australia
- > National Gallery of Australia
- > National Library of Australia
- > National Museum of Australia
- > National Portrait Gallery of Australia
- > National Transport Commission
- > NBN Co
- > North Queensland Water Infrastructure Authority
- > SBS
- > Screen Australia
- > WSA Co

To assess the effectiveness of our oversight, we analysed oversight actions required and performed for arts and communications portfolio entities, as this was a performance measure in the Communications Corporate Plan. Our analysis found oversight was effective in 2019–20.

Efficient administration of programs

We analysed whether our arts and communications administered items were on time and on budget at the end of 2019–20, as this was a performance measure in the Communications Corporate Plan.

In 2019–20, we delivered 17 administered items through our digital technologies and communications services program and 28 through our arts and cultural development program. Of these, all but 2 items were on time and on budget at 30 June 2020, indicating efficient program delivery.

Table 4.11 Digital technologies and communications services administered items

| Administered item | | Result: timeliness | Result: budget |
|-------------------|--|---|--|
| 1 | Community Broadcasting Program We provided grant funding to the Community Broadcasting Foundation, which then distributes funds to community radio and television providers to support the development and broadcasting of content | Target met Community broadcasting sector continues to deliver vital services | Target met \$19.7 million provided |
| 2 | Consumer Representation Grants Program We fund the Australian Communications Consumer Action Network to represent the views of consumers on communications issues. This body is also required to positively engage with the media and industry | Target met All quarterly reports provided on time and key performance indicators met | Target met \$2.3 million provided |
| 3 | Intellectual property We make an annual membership payment to the World Intellectual Property Organization (WIPO) and subscribe to the annual Intellectual Property Watch. The payment to WIPO by Australia is a requirement of membership | Target met The annual contribution to WIPO supports Australia's engagement in international copyright policy | Target met \$267,892 provided |
| 4 | International organisation contributions We make membership payments to the ITU and the Asia-Pacific Telecommunity (APT) | Target met Australia pledged its ITU member contribution for 2019–20 through a 4-year cycle of forward expenditure at the 2018 ITU Plenipotentiary Conference The APT member contribution was agreed for the 2018 to 2020 cycle at the APT General Assembly in November 2017 | Target met \$6.6 million provided to the ITU, part of our \$27.9 million 4-year cycle of forward contribution to the ITU \$256,000 provided as our annual APT member contribution |

| Administered item | Result: timeliness | Result: budget |
|---|---|--|
| <p>5 Mobile Black Spot Program</p> <p>We fund grants to mobile network operators and infrastructure providers to improve mobile coverage and competition across Australia</p> | <p>Target not met</p> <p>Delays have been experienced in delivering some base stations funded under the initial program rounds, which were due to be operational by 30 June 2020. The delays were in part due to factors such as the time required for land acquisition, local and state government approvals, and connection to power</p> | <p>Target not met</p> <p>\$19.6 million provided 127 new base stations deployed in 2019–20</p> <p>Due to delays in delivering some base stations funded under initial program rounds and making final payments, 2019–20 expenditure is less than budget by more than 5%</p> |
| <p>6 Mobile coverage and WiFi on New South Wales Central Coast trains</p> <p>We deliver this program through a project agreement with the NSW Government, and therefore funding is appropriated to Treasury under the Federal Financial Relations framework. It provides funds to the NSW Government to fulfil the election commitment to establish mobile and internet connectivity along the train route between Hornsby and Wyong</p> | <p>Target not met</p> <p>Delivery of this program is currently behind schedule because key milestones (some mobile base stations and coverage in tunnels) are still to be delivered</p> | <p>Target not met</p> <p>In 2019–20, WiFi at all 19 train stations was completed and new and improved mobile coverage delivered in the rail corridor from 6 new mobile base stations. The remaining mobile sites, including coverage through 7 tunnels, are scheduled to be completed by the end of 2020</p> <p>\$10.0 million of 2019–20 budget expenditure was not incurred</p> |
| <p>7 NBN Co loan</p> <p>We manage the Commonwealth's \$19.5 billion loan to NBN Co. NBN Co makes monthly drawdown requests</p> <p>The loan has a fixed interest rate of 3.96% per year and is supporting NBN Co in rolling out the NBN</p> | <p>Target met</p> <p>NBN Co made 12 drawdowns against the loan</p> | <p>Target met</p> <p>\$6.405 billion total drawdowns by NBN Co</p> |
| <p>8 Funding to the national broadcasters: ABC and SBS</p> <p>We make payments to fund the operations of the ABC and SBS to ensure that services continue in line with their charters</p> | <p>Target met</p> <p>The national broadcasters continue to provide television, radio and digital media services in line with their charters</p> | <p>Target met</p> <p>\$1.352 billion provided</p> |

| Administered item | | Result: timeliness | Result: budget |
|-------------------|--|--|--|
| 9 | Regional Backbone Blackspots Program We provide funds to Vocus to operate and maintain backhaul infrastructure in regional Australia. The expense relates to depreciation (non-cash) on the infrastructure, and is in accordance with the estimated depreciation schedule | Target met Performance and reporting requirements were met | Target met \$8.0 million (depreciation expense) |
| 10 | Regional broadcasting We provide funds for operating costs associated with the delivery of commercial digital television services via the Viewer Access Satellite Television (VAST) platform, which is a direct-to-home satellite service covering all of Australia. The funding is administered through 2 separate funding agreements with 2 joint venture companies established for this purpose | Target met Performance and reporting requirements were met | Target met \$10.5 million provided Funding recipients are entitled to claim payments for actual expenses incurred in providing services |
| 11 | Regional and Small Publishers Cadetship Program We provide payments to small and regional publishers to create additional employment opportunities for cadet journalists | Target met Continued to support 39 regional and small publishers granted 43 cadetships under round 1 of the program | Target met \$1.0 million provided |
| 12 | Spectrum pricing — transitional support This is a transitional support package we are providing over a 5-year period, from 2017–18, to ensure individual broadcasters are no worse off as a consequence of the introduction of new spectrum pricing fees and the abolishment of the broadcasting licence fees, datacasting charges and apparatus licence fees | Target met Funding delivered in 2019–20 | Target met \$4.8 million provided |
| 13 | Supporting under-represented sports We provide funding to Fox Sports to increase coverage of sports that receive low or no broadcast exposure (for example, women's sports, niche sports, and those sports that command high levels of community involvement and participation) | Target met Fox Sports continued to broadcast coverage of women's, niche and emerging sports in line with its grant agreement | Target met \$12.5 million provided |

| Administered item | | Result: timeliness | Result: budget |
|-------------------|--|---|--|
| 14 | <p>Amplifying Australia's voice in the Pacific</p> <p>The PacificAus TV initiative will make the broadcast rights to 1,000 hours of Australian television content available to broadcast partners in Pacific nations each year for 3 years</p> | <p>Target met</p> <p>1,000 hours of Australian television content is being made available to broadcast partners in Pacific nations</p> | <p>Target met</p> <p>\$5.7 million provided</p> |
| 15 | <p>Public Interest Telecommunications Services Special Account: National Relay Service (NRS)</p> <p>Through this part of the special account, we fund Australian Communication Exchange Ltd (ACE) and WestWood Spice to deliver the NRS, an Australia-wide phone service for people who are deaf or have a hearing or speech impairment</p> <p>The awarding of the new NRS contract to Concentrix Services Pty Ltd, following a competitive process, will result in cost savings. The phased reduction in contracted outreach tasks, as we have taken on NRS information and advice activities, has also resulted in cost savings</p> | <p>Target met</p> <p>The initial PB Statements figure was predicated on the awarding of a new NRS contract; extension of the tender process resulted in the continuation of the contractor payment arrangement</p> | <p>Target met</p> <p>\$27.0 million provided</p> |
| 16 | <p>Public Interest Telecommunications Services Special Account: Universal Service Obligation</p> <p>Through this part of the special account, we fund Telstra to ensure that standard telephone services and payphones are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business</p> | <p>Target met</p> <p>Performance and reporting requirements linked to payments were met by Telstra</p> | <p>Target met</p> <p>\$270.0 million provided</p> |
| 17 | <p>Public Interest Telecommunications Services Special Account: Other Public Interest Services</p> <p>Through this part of the special account, we fund Telstra to deliver other public interest services that support the continuity of supply of carriage services during the transition to the NBN. It also includes the delivery of the Emergency Call Service contract to connect people dialling Triple Zero with emergency service organisations</p> | <p>Target met</p> <p>Performance and reporting requirements linked to payments were met by Telstra</p> | <p>Target met</p> <p>\$47.5 million provided</p> |

Table 4.12 Arts and cultural development administered items

| Administered item | Result: timeliness | Result: budget |
|--|---|---|
| <p>1 Arts agency appropriations</p> <p>We provided funding to support the operations of 9 arts portfolio entities — 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</p> <p>We also provided payments to Old Parliament House, these payments are not reported in our performance statements¹³</p> | <p>Target met</p> <p>Funding delivered in 2019–20</p> | <p>Target met</p> <p>\$467.5 million provided</p> |
| <p>2 Ausfilm</p> <p>We provided funding to Ausfilm International Incorporated to support its role in attracting international production to Australia, in order to generate foreign investment, create jobs and upskill the domestic screen industry</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$3.4 million provided</p> |
| <p>3 Australian Children's Television Foundation</p> <p>We provided funding to the Australian Children's Television Foundation to support its role of providing funding and support to independent producers and writers of quality children's programs</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$5.8 million provided</p> |
| <p>4 Australian Government International Exhibitions Insurance Program</p> <p>We provided funding to collecting institutions to offset insurance costs for eligible international exhibitions touring to Australia. The program aims to give Australian audiences access to international artworks and cultural objects that might otherwise not be seen in Australia</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$1.9 million provided to support 2 exhibitions</p> |

¹³ 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.

| Administered item | Result: timeliness | Result: budget |
|---|---|--|
| <p>5 Bundanon Trust</p> <p>We provided funding to Bundanon Trust to support its role as an Australian cultural institution and living arts centre. Bundanon Trust has a nationally significant collection of almost 4,000 artworks valued at \$43.0 million and supports arts practice and understanding of the arts through its residency, education, exhibition and performance programs</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$8.5 million provided</p> |
| <p>6 Creative Partnerships Australia</p> <p>We provided funding to Creative Partnerships Australia to support its role to create a culture of private sector support for the arts. Creative Partnerships Australia aims to grow the culture of giving, investment, partnership and volunteering by delivering capacity-building programs, mentoring and training. More than 550 projects were supported by Creative Partnerships Australia administered funding in 2018–19</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$4.6 million</p> |
| <p>7 Festivals Australia</p> <p>We provided funding to support arts-driven experiences at festivals and significant one-off community celebrations in regional and remote Australia</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$1.2 million provided to support 34 projects</p> |
| <p>8 Indigenous languages and arts</p> <p>We provided funding 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 enhance Aboriginal and Torres Strait Islander people's wellbeing</p> <p>The program includes the provision of annual operational funding for 20 Indigenous language centres located primarily across regional and remote Australia</p> <p>During 2019–20, the department continued to deliver upon the government's \$10.0 million budget measure to protect, preserve and celebrate Indigenous languages, which was administered through the program. This measure concluded on 30 June 2020</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$21.8 million provided to support 121 organisations to undertake 151 projects</p> |


| Administered item | Result: timeliness | Result: budget |
|--|---|--|
| <p>9 Indigenous Visual Arts Industry Support</p> <p>We provided funding to Indigenous visual arts organisations in order to support a professional, viable and ethical Indigenous visual arts industry</p> <p>The program provided support to around 80 Indigenous owned art centres, as well as a number of 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 Indigenous arts workers</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$24.3 million provided to support 94 activities</p> |
| <p>10 Indigenous Visual Arts Industry Support — Visual Arts and Craft Strategy</p> <p>We provided funding to Indigenous visual arts peak bodies to support professional development for Aboriginal and Torres Strait Islander artists</p> <p>The Visual Arts and Craft Strategy is a joint initiative of the Australian Government and state and territory governments to support a strong and dynamic contemporary visual arts and craft sector</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$875,000 provided to support 5 activities</p> |
| <p>11 International Cultural Diplomacy Arts Fund</p> <p>We provided funding to support activities in Australia and around the world that promote the Australian Government's international arts and cultural engagement and cultural diplomacy priorities</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$528,137 provided to support 6 projects</p> |
| <p>12 Location Incentive</p> <p>The Location Incentive provides grants of up to 13.5% of qualifying Australian production expenditure, effectively increasing the location offset rate from 16.5 to 30% for eligible large budget international productions that are successful in the application process</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$30.4 million provided to support 5 projects</p> |

| Administered item | Result: timeliness | Result: budget |
|---|--|--|
| <p>13 Marking 250 years since James Cook's first voyage to Australia in 1770</p> <p>We provided funding to assist with activities associated with the Endeavour 250 program, including funding to the Australian National Maritime Museum for planning commemorative activities involving the HMB Endeavour replica</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved, subject to COVID-19 revised circumstances</p> | <p>Target met</p> <p>\$2.5 million provided</p> |
| <p>14 Music Industry Package</p> <p>We implemented the first year of the Music Industry Package by providing funding to the Australian Independent Record Labels Association, Sounds Australia, the Australia Council, APRA AMCOS, Australian Recording Industry Association and MusicNT to support the Women in Music Mentor program, Australia's music exports and the Indigenous Contemporary Music program</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved, subject to COVID-19 revised circumstances</p> | <p>Target met</p> <p>\$1.4 million provided to support 7 projects</p> |
| <p>15 National Collecting Institutions Touring and Outreach Program</p> <p>We provided funding to eligible national collecting institutions to develop and tour exhibitions of their collections, to make Australian and overseas cultural material accessible to all Australians, especially regional communities</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$1.0 million provided to support 16 exhibitions</p> |
| <p>16 National performing arts training organisations</p> <p>We provided funding to the national elite performing arts training organisations to support their operations, and contribute to Australia's creative economy</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$21.5 million provided</p> |

| Administered item | Result: timeliness | Result: budget |
|---|---|--|
| <p>17 One-off strategic projects — arts and cultural development</p> <p>We provided funding to support the following strategic projects:</p> <ul style="list-style-type: none"> > Museum of Contemporary Arts > Endeavour 250 — 2020 Meeting of Two Cultures Event > National Music Teacher Mentoring Program > Australian World Orchestra > Moogahlin Performing Arts Inc. First Nations Performing Arts New Work Development Program 2019–2022 > 2020 Australia Reads > Purchase of the Hannah Cabinet > Support for Tasmanian Tourism (Project X) > Support Act | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$12.5 million provided to support 9 projects</p> |
| <p>18 Prime Minister's Literary Awards</p> <p>The annual Prime Minister's Literary Awards celebrate the contribution of Australian literature and history to our nation's cultural and intellectual life</p> <p>Prizes were awarded to authors, historians and illustrators to recognise outstanding literary talent in Australia and acknowledge the valuable contribution that authors, historians and illustrators make in shaping our cultural identity</p> | <p>Target met</p> <p>Awards delivered in 2019–20</p> | <p>Target met</p> <p>\$645,135 provided to support 34 authors, historians and illustrators, and administer the awards</p> |
| <p>19 Public and educational lending right schemes</p> <p>We made payments to Australian book creators (including authors, illustrators and editors) and publishers in recognition of the free multiple use of their books in public and educational lending libraries</p> | <p>Target met</p> <p>Payments delivered in 2019–20</p> | <p>Target met</p> <p>\$22.4 million provided through 17,252 payments to eligible claimants, and to administer the schemes</p> |

| Administered item | Result: timeliness | Result: budget |
|---|---|--|
| <p>20 Regional Arts Fund</p> <p>We provided funding to Regional Arts Australia to manage the fund as a competitive grants program in support of sustainable cultural development in regional and remote communities</p> <p>The fund is delivered by Regional Arts Australia and regional arts organisations in each state and territory (artsACT, Country Arts SA, Flying Arts Alliance, Northern Territory Regional Arts, RANT Arts, Regional Arts NSW, Regional Arts Victoria, and Regional Arts WA)</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$3.5 million provided to Regional Arts Australia, which supported 393 projects</p> <p>Additional \$10.0 million crisis payment provided to Regional Arts Australia, which will support projects between 2020 and 2024</p> |
| <p>21 Screen Australia departmental grant</p> <p>We provided funding to Screen Australia to support its role in the development of a highly creative, innovative and commercially sustainable Australian screen production industry</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$70.5 million provided</p> |
| <p>22 Visions of Australia</p> <p>We provided funding to arts and cultural heritage organisations to support the development and touring of exhibitions of cultural material originating or created in Australia, as well as material from elsewhere held in Australian collections that reflects Australian life</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreements maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$2.4 million over 4 years provided to support 23 projects</p> |
| <p>23 Australian National Maritime Museum — Maritime Museums of Australia Project Support Scheme</p> <p>We provided funding to the Australian National Maritime Museum to administer the Maritime Museums of Australia Project Support Scheme for not-for-profit organisations caring for Australia's maritime collections</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$105,000 provided to the Australian National Maritime Museum</p> |
| <p>24 Australian Museums and Galleries Association (AMAGA) Bursary Program</p> <p>We provide funding to AMAGA for bursary assistance to support attendance at its national conference by museum staff and volunteers who are based in regional and remote areas, or are Aboriginal and/or Torres Strait Islander people</p> | <p>Target met</p> <p>Funding agreement maintained and milestones and reporting obligations (regarding the previous period) achieved</p> | <p>Target met</p> <p>Funds were fully reallocated</p> <p>AMAGA's national conference was cancelled due to COVID-19</p> |

| Administered item | Result: timeliness | Result: budget |
|---|--|---|
| <p>25 National Library of Australia (NLA) — Community Heritage Grants</p> <p>We provided funding to the NLA to administer Community Heritage Grants of up to \$15,000 to community organisations to assist with the preservation of, and improved access to, locally owned but nationally significant heritage collections</p> | <p>Target met</p> <p>Funding delivered in 2019–20. Funding agreement maintained and payment milestones and reporting obligations achieved</p> | <p>Target met</p> <p>\$490,000 provided to the NLA, which supported 60 projects and administration costs</p> |
| <p>26 Cultural Special Account — Meeting of Cultural Ministers</p> <p>We transferred funding to the account in order to enable cross jurisdictional funding support for the program of collaborative work supporting the arts and culture sector, overseen by the Meeting of Cultural Ministers Officials Working Group</p> | <p>Target met</p> <p>Funding transferred in 2019–20</p> | <p>Target met</p> <p>\$271,000 provided</p> |
| <p>27 Indigenous Repatriation Special Account</p> <p>We transferred funding to the account to support activities relating to the repatriation of Aboriginal and/or Torres Strait Islander ancestors from collecting institutions and private holders overseas</p> | <p>Target met</p> <p>Funding transferred in 2019–20</p> | <p>Target met</p> <p>\$666,000 provided, which supported the return of 45 Indigenous ancestors</p> |
| <p>28 National Cultural Heritage Account</p> <p>We transferred funding to the account in order to deliver a grant program to assist Australian cultural institutions to acquire significant cultural heritage objects</p> <p>In 2019–20, the National Cultural Heritage Committee approved 4 National Cultural Heritage Account applications, 2 of which are new multi-year funding agreements with future payments in 2020–21 and 2021–22</p> | <p>Target met</p> <p>Funding transferred in 2019–20</p> | <p>Target met</p> <p>\$470,120 provided</p> |

The background image shows a person's hand in a white shirt using a calculator on a desk. There are various documents and papers scattered around. A large, semi-transparent circle with a blue-to-green gradient is centered over the text. At the bottom of the page, there is a network diagram consisting of several white dots connected by thin white lines, forming a web-like structure.

The department's
activities involve the use
of assets, liabilities,
revenue and expenses

PART 5

Financial statements

This part of the report contains our audited financial statements for the year ended 30 June 2020, in accordance with subsection 43(4) of the Public Governance, Performance and Accountability Act 2013.



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 2020:

- (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 2020 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 2020 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**Valuation of Administered Advances and Loans**

Refer to Note 4.1B 'Administered – Trade and other receivables' and Note 7.3 'Administered – Financial Instruments'

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 a loan to NBN Co Limited.

Advances and loans are complex as they are required to be assessed by the Entity for impairment based on an expected credit loss model. These models require the Entity to make significant judgements and assumptions about the likelihood that advances and loans will not be recovered, resulting in a credit loss. The significant judgements are mainly based on expected cash flow forecasts, indicative credit ratings and probabilities of default events occurring.

As at 30 June 2020 the value of trade and other receivables for advances and loans was \$21 506.5 million. The loan to NBN Co Limited comprised the majority of this balance and was \$19 458.1 million.

How the audit addressed the matter

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

- evaluated the methodology adopted by the Entity to assess outstanding advances and loans for expected credit losses and impairment at 30 June 2020;
- assessed the reasonableness of, and sensitivity of the valuation to, key assumptions made by the Entity in the expected credit loss model by comparing them to:
 - publicly available information on the credit quality, such as indicative 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 during the year to loan contracts to assess the accuracy of the amounts and actual interest rates applied.

Key audit matter**Valuation of the Administered Investment in NBN Co Limited**

Refer to Note 4.1D 'Administered - Other Investments'

I focused on this balance due to the significant value of the Entity's investment in NBN Co Limited (the company) and the significant judgement applied by the Entity in determining and applying an appropriate valuation technique.

The Entity adopted a different valuation technique than in the prior year in respect of the valuation of NBN Co Limited at 30 June 2020. The revised valuation technique changed from an approach that considered the net assets of the company to an income based approach applying a discounted cash flow model that reflects the company's expected future cash flows and income. When the net assets method was applied in the prior year a test was performed to confirm that the value of the underlying net assets of NBN Co Limited were not overstated based on consideration of replacement costs of underlying assets, cross checked to projected cash flows to confirm that the value of the underlying net assets was not greater than expected cash flows and as such, impaired. The change in valuation technique was due to the company

How the audit addressed the matter

To address the key audit matter I have:

- assessed the appropriateness of the valuation technique applied by the Entity to measure the fair value of the investment in NBN Co Limited;
- assessed the competence and objectivity of management's valuation experts who performed the valuation for the Entity;
- tested the accuracy of the calculations performed by the Entity within the discounted cash flow model used to calculate the investment value;
- 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:
 - assessing the reasonableness of assumptions underpinning 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 NBN Co Limited;

transitioning from the construction phase (of the national broadband network) to a predominately operational phase.

The discounted cash flow model used to determine the fair value of NBN Co Limited requires a higher level of judgement and estimation by the Entity because the primary inputs into this model, particularly, estimated future cash flows, discount rate, terminal value and weighted average cost of capital are not based on observable market data.

As explained by the Entity in Note 4.1D the valuation range for NBN Co Limited was estimated to be between \$13 768.0 million and \$15 800.0 million by the Entity. Given the significance of the primary inputs and the cash flows forecast in the valuation model the fair value calculated for the investment in NBN Co Limited is sensitive to otherwise minor changes in these primary inputs.

At 30 June 2020, the value of the investment recognised for NBN Co Limited was \$13 768.0 million.

- 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 NBN Co Limited'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 comparable range; and
- considered the sensitivity of the valuation by adjusting the discount rate, terminal value growth rate 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. The notes explain that there is an increased level of estimation uncertainty in relation to the valuation of NBN Co Limited.

Key audit matter

Valuation of the Administered Investments in the Australian Postal Corporation, Australian Rail Track Corporation and Airservices Australia

Refer to Note 4.1D 'Administered – Other Investments'

I focused on this balance given the significant value of these investments to the financial statements and the judgement and estimation involved in determining the fair value of these investments.

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.

The complexity of these valuations was increased due to uncertainty associated with estimating the impact of the COVID-19 pandemic on future cash flow estimates used in the Entity's valuation models, particularly:

- in respect of Airservices Australia, given the significant decrease in domestic and international air travel as a result of the pandemic. Airservices Australia generates a

How the audit addressed the matter

To address the key audit matter I have:

- 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 assumptions and inputs used in the valuation model, including cash flow and growth forecasts and the discount rate applied. This included:
 - 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 model in respect of the impact of the COVID-19 pandemic to confirm they reflected the plans and forecasts produced by each entity; and
 - assessing the reasonableness of assumptions underpinning the selection of an appropriate discount rate, particularly specific risk and market premiums influencing the rate calculated.

significant proportion of its revenue from on-route air traffic control and navigation services. At 30 June 2020 there is increased uncertainty as to timing of any normalisation of revenue from these services due to the impact of the pandemic;

- in respect of the Australian Postal Corporation, given the increase in volume of parcels delivered by the company due to the increase of e-commerce transactions experienced as a result of the pandemic. At 30 June 2020, there is increased uncertainty as to whether the volume of parcels, which contribute significant revenue and cost drivers to the entity, will be maintained; and
- in respect of the Australian Rail Track Corporation, given the economic impacts of the COVID-19 pandemic on the Australian economy which is expected to influence the demand for rail freight services from which the company predominately generates its revenues.

As at 30 June 2020 the value of the investments recognised for the:

- Australian Postal Corporation was \$2 593.0 million;
- Australian Rail Track Corporation was \$2 919.7 million; and
- Airservices Australia was \$348.3 million.

- assessed the Entity's comparison of key inputs used in the valuation model against available market information. This included comparing each entity'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; and
- 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.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Australian National Audit Office



Lesa Craswell
Executive Director

Delegate of the Auditor-General

Canberra
2 October 2020

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 2020 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 (the department) will be able to pay its debts as and when they fall due.



Simon Atkinson
Secretary

2 October 2020



Brad Medland
Chief Financial Officer

2 October 2020

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

| | | 2020 | DITCRD ¹ | DoCA ² |
|---|-------|-----------------|---------------------|-------------------|
| | Notes | \$'000 | 2019 \$'000 | 2019 \$'000 |
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 1.1A | 205,780 | 123,047 | 73,068 |
| Suppliers | 1.1B | 121,191 | 101,146 | 38,753 |
| Grants and contributions | 1.1C | 46,452 | 2,071 | 3,174 |
| Depreciation and amortisation | 3.2A | 34,473 | 6,843 | 5,227 |
| Finance costs | 1.1D | 1,502 | 1 | 3 |
| Impairment loss on financial instruments | 1.1E | 411 | - | 7 |
| Write-down and impairment of other assets | 1.1F | 1,376 | 162 | - |
| Losses from asset sales | | - | - | 129 |
| Other expenses | | - | - | 26 |
| Total expenses | | 411,185 | 233,270 | 120,387 |
| Own-Source income | | | | |
| Own-source revenue | | | | |
| Revenue from contracts with customers | 1.2A | 4,771 | 5,990 | 330 |
| Rental income | 1.2B | 6,879 | - | 5,286 |
| Other revenue | 1.2C | 2,644 | 1,055 | 1,797 |
| Total own-source revenue | | 14,294 | 7,045 | 7,413 |
| Gains | | | | |
| Other gains | 1.2D | 1,298 | 490 | - |
| Total gains | | 1,298 | 490 | - |
| Total own-source income | | 15,592 | 7,535 | 7,413 |
| Net cost of services | | 395,593 | 225,735 | 112,974 |
| Revenue from government | 1.2E | 364,610 | 210,029 | 107,763 |
| Surplus/(Deficit) on continuing operations | | (30,983) | (15,706) | (5,211) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | |
| Changes in asset revaluation surplus | | 1,324 | 66 | - |
| Total other comprehensive income | | 1,324 | 66 | - |
| Total comprehensive income/(loss) | | (29,659) | (15,640) | (5,211) |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF FINANCIAL POSITION
for the period ended 30 June 2020

| | | 2020 | DITCRD ¹ | DoCA ² |
|---|-------|----------------|---------------------|-------------------|
| | Notes | \$'000 | 2019 | 2019 |
| | | | \$'000 | \$'000 |
| ASSETS | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 3.1A | 10,279 | 2,812 | 5,592 |
| Trade and other receivables | 3.1B | 132,927 | 128,318 | 19,387 |
| Accrued revenue | 3.1C | 1,017 | 1,585 | - |
| Total financial assets | | 144,223 | 132,715 | 24,979 |
| Non-financial assets | | | | |
| Land and buildings | 3.2A | 161,759 | 15,835 | 12,649 |
| Heritage and cultural | 3.2A | 35,720 | 142 | 36,022 |
| Property, plant and equipment | 3.2A | 22,248 | 12,138 | 6,596 |
| Intangibles | 3.2A | 26,072 | 10,415 | 8,627 |
| Other non-financial assets | 3.2C | 6,338 | 5,942 | 4,164 |
| Total non-financial assets | | 252,137 | 44,472 | 68,058 |
| Total assets | | 396,360 | 177,187 | 93,037 |
| LIABILITIES | | | | |
| Payables | | | | |
| Suppliers | 3.3A | 32,254 | 19,611 | 5,523 |
| Other payables | 3.3B | 6,681 | 2,508 | 7,492 |
| Total payables | | 38,935 | 22,119 | 13,015 |
| Interest bearing liabilities | | | | |
| Leases | 3.4A | 133,548 | - | - |
| Total interest bearing liabilities | | 133,548 | - | - |
| Provisions | | | | |
| Employee provisions | 6.1A | 72,510 | 43,043 | 26,291 |
| Other provisions | 3.5 | 960 | 515 | 374 |
| Total provisions | | 73,470 | 43,558 | 26,665 |
| Total liabilities | | 245,953 | 65,677 | 39,680 |
| Net assets | | 150,407 | 111,510 | 53,357 |
| EQUITY | | | | |
| Contributed equity | | (9,203) | (89,395) | 72,849 |
| Reserves | | 42,001 | 33,628 | 7,049 |
| Accumulated surplus/(deficit) | | 117,609 | 167,277 | (26,541) |
| Total equity | | 150,407 | 111,510 | 53,357 |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

| | 2020 \$'000 | DITCRD ¹ 2019 \$'000 | DoCA ² 2019 \$'000 |
|--|----------------|---------------------------------------|-------------------------------------|
| CONTRIBUTED EQUITY | | | |
| Opening balance as at 1 July 2019 | (89,395) | (97,361) | - |
| Opening balance — DoCA (restructuring) | 72,849 | - | 69,302 |
| Balance carried forward from previous period | (16,546) | (97,361) | 69,302 |
| Transactions with owners | | | |
| Contributions by owners | | | |
| Departmental capital budget | 7,343 | 7,966 | 3,547 |
| Total transactions with owners | 7,343 | 7,966 | 3,547 |
| Closing balance as at 30 June | (9,203) | (89,395) | 72,849 |
| ACCUMULATED SURPLUS | | | |
| Opening balance | | | |
| Opening balance as at 1 July 2019 | 167,277 | 182,983 | - |
| Opening balance — DoCA (restructuring) | (26,541) | - | (21,330) |
| Balance carried forward from previous period | 140,736 | 182,983 | (21,330) |
| Adjustment on initial application of AASB 16 | 7,856 | - | - |
| Adjusted opening balance | 148,592 | 182,983 | (21,330) |
| Comprehensive income | | | |
| Surplus/(deficit) for the period | (30,983) | (15,706) | (5,211) |
| Total comprehensive income | (30,983) | (15,706) | (5,211) |
| Closing balance as at 30 June | 117,609 | 167,277 | (26,541) |
| ASSET REVALUATION RESERVE | | | |
| Opening balance | | | |
| Opening balance as at 1 July 2019 | 33,628 | 33,562 | - |
| Opening balance — DoCA (restructuring) | 7,049 | - | 7,049 |
| Balance carried forward from previous period | 40,677 | 33,562 | 7,049 |
| Comprehensive income | | | |
| Other comprehensive income | | | |
| Changes in asset revaluation surplus | | | |
| Non-financial assets | 1,410 | 170 | - |
| Provision for restoration | (86) | (104) | - |
| Total comprehensive income | 1,324 | 66 | - |
| Closing balance as at 30 June | 42,001 | 33,628 | 7,049 |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

| | | DITCRD ¹ | DoCA ² |
|--|-----------------|---------------------|-------------------|
| | 2020 | 2019 | 2019 |
| Notes | \$'000 | \$'000 | \$'000 |
| TOTAL EQUITY | | | |
| Opening balance | | | |
| Opening balance as at 1 July 2019 | 111,510 | 119,184 | - |
| Opening balance – DoCA (restructuring) | 53,357 | - | 55,021 |
| Balance carried forward from previous period | 164,867 | 119,184 | 55,021 |
| Adjustment on initial application of AASB 16 | 7,856 | - | - |
| Adjusted opening balance | 172,723 | 119,184 | 55,021 |
| Comprehensive income | | | |
| Surplus/(Deficit) for the period | (30,983) | (15,706) | (5,211) |
| Changes in asset revaluation surplus | | | |
| Non-financial assets | 1,410 | 170 | - |
| Provision for restoration | (86) | (104) | - |
| Total comprehensive income | (29,659) | (15,640) | (5,211) |
| Transactions with owners | | | |
| Contributions by owners | | | |
| Departmental capital budget | 7,343 | 7,966 | 3,547 |
| Total transactions with owners | 7,343 | 7,966 | 3,547 |
| Closing balance as at 30 June | 150,407 | 111,510 | 53,357 |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

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 2020

| | | DITCRD ¹ | DoCA ² |
|---|-----------------|---------------------|-------------------|
| | | 2019 | 2019 |
| | | \$'000 | \$'000 |
| Notes | 2020 | | |
| | \$'000 | | \$'000 |
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations | 420,085 | 256,936 | 115,904 |
| Revenue from contracts with customers | 6,338 | 8,251 | 5,334 |
| GST received | 14,521 | 9,840 | 3,315 |
| Other | 7,839 | 682 | 3,179 |
| Total cash received | 448,783 | 275,709 | 127,732 |
| Cash used | | | |
| Employees | 200,944 | 117,395 | 71,571 |
| Suppliers and grants | 167,012 | 125,284 | 45,871 |
| Interest payments on lease liabilities | 1,497 | - | - |
| Section 74 receipts transferred to OPA | 41,579 | 33,123 | 8,706 |
| Other expenses | - | - | 26 |
| Total cash used | 411,032 | 275,802 | 126,174 |
| Net cash from/(used by) operating activities | 37,751 | (93) | 1,558 |
| INVESTING ACTIVITIES | | | |
| Cash used | | | |
| Purchase of land and buildings | 6,765 | 2,500 | 483 |
| Purchase of property, plant and equipment | 6,638 | 5,618 | 545 |
| Purchase of intangibles | 12,630 | 3,911 | 4,023 |
| Total cash used | 26,033 | 12,029 | 5,051 |
| Net cash from/(used by) investing activities | (26,033) | (12,029) | (5,051) |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations — contributed equity | - | - | 150 |
| Departmental capital budget | 10,920 | 11,924 | 4,269 |
| Total cash received | 10,920 | 11,924 | 4,419 |
| Cash used | | | |
| Principal payments of lease liabilities | 20,763 | - | - |
| Total cash used | 20,763 | - | - |
| Net cash from/(used by) from financing activities | (9,843) | 11,924 | 4,419 |
| Net increase/(decrease) in cash held | 1,875 | (198) | 926 |
| Cash and cash equivalents at the beginning of the reporting period | 8,404 | 3,010 | 4,666 |
| Cash and cash equivalents at the end of the reporting period | 10,279 | 2,812 | 5,592 |

3.1A

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

| | | 2020 | DITCRD ¹ 2019 | DoCA ² 2019 |
|---|-------|--------------------|-----------------------------|---------------------------|
| | Notes | \$'000 | \$'000 | \$'000 |
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 2.1A | 16,062 | 15,550 | - |
| Suppliers | 2.1B | 542,999 | 188,441 | 370,678 |
| Subsidies | 2.1C | 832,519 | 226,322 | - |
| Grants | 2.1D | 4,794,010 | 4,055,353 | 249,580 |
| Depreciation and amortisation | 4.2A | 61,404 | 38,503 | 10,447 |
| Impairment loss on financial instruments | 2.1E | 1,485 | 592 | 241 |
| Write-down and impairment of other assets | 2.1F | 90 | 8,308 | - |
| Losses from asset sales | | 9 | - | - |
| Payments to corporate Commonwealth entities | 2.1G | 1,989,812 | 135,459 | 1,788,930 |
| Concessional loans | | 134 | 4,943 | - |
| Other expenses | 2.1H | 34,095 | 87,035 | 13,625 |
| Total expenses | | 8,272,619 | 4,760,506 | 2,433,501 |
| Income | | | | |
| Revenue | | | | |
| Taxation revenue | | | | |
| Other taxes | 2.2A | 38,924 | 45,299 | - |
| Total taxation revenue | | 38,924 | 45,299 | - |
| Non-taxation revenue | | | | |
| Revenue from contracts with customers | 2.2B | 37,909 | 37,599 | 3,628 |
| Western Sydney Airport preparatory activities | | 99,600 | 99,600 | - |
| Fees and fines | 2.2C | 128,643 | 126,003 | - |
| Interest | 2.2D | 735,607 | 105,056 | 353,374 |
| Dividends | 2.2E | 49,675 | 78,112 | 42,205 |
| Rental income | 2.2F | 4,259 | 2,794 | 1,529 |
| Other revenue | 2.2G | 5,186 | 3,007 | 942 |
| Total non-taxation revenue | | 1,060,879 | 452,171 | 401,678 |
| Total revenue | | 1,099,803 | 497,470 | 401,678 |
| Gains | | | | |
| Gains from sale of assets | | - | 26 | - |
| Other gains | 2.2H | 46,130 | 66,008 | - |
| Total gains | | 46,130 | 66,034 | - |
| Total income | | 1,145,933 | 563,504 | 401,678 |
| Net (cost of) services | | (7,126,686) | (4,197,002) | (2,031,823) |
| Deficit | | (7,126,686) | (4,197,002) | (2,031,823) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | |
| Changes in asset revaluation reserve | | 4,297,698 | (1,014,334) | (4,832,986) |
| Total other comprehensive income/(loss) | | 4,297,698 | (1,014,334) | (4,832,986) |
| Total comprehensive income/(loss) | | (2,828,988) | (5,211,336) | (6,864,809) |

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

On 1 February 2020, the Department of Communications and the Arts 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.

- Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
- Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
for the period ended 30 June 2020

| | | 2020 | DITCRD ¹ | DoCA ² |
|---|-------|-------------------|---------------------|-------------------|
| | Notes | \$'000 | 2019 \$'000 | 2019 \$'000 |
| ASSETS | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 4.1A | 27,153 | 4,237 | 98 |
| Trade and other receivables | 4.1B | 21,553,464 | 2,783,043 | 13,109,102 |
| Investments | 4.1D | 31,790,857 | 5,099,211 | 21,672,171 |
| Other financial assets | 4.1E | 74,632 | 89,538 | - |
| Total financial assets | | 53,446,106 | 7,976,029 | 34,781,371 |
| Non-financial assets | | | | |
| Land and buildings | 4.2A | 231,079 | 243,877 | 55,569 |
| Heritage and cultural | 4.2A | 174,718 | 119,982 | - |
| Property, plant and equipment | 4.2A | 472,275 | 363,108 | 138,140 |
| Intangibles | 4.2A | 7,030 | 7,048 | - |
| Inventories | 4.2B | 2,408 | 2,623 | - |
| Prepayments | 4.2C | 9,611 | 19,396 | 2,965 |
| Total non-financial assets | | 897,121 | 756,034 | 196,674 |
| Total assets administered on behalf of government | | 54,343,227 | 8,732,063 | 34,978,045 |
| LIABILITIES | | | | |
| Payables | | | | |
| Suppliers | 4.3A | 347,321 | 20,806 | 330,215 |
| Subsidies | 4.3B | 58,608 | 11,248 | - |
| Grants | 4.3C | 44,447 | 69,088 | 13,255 |
| Other payables | 4.3D | 10,713 | 421 | 11,796 |
| Total payables | | 461,089 | 101,563 | 355,266 |
| Provisions | | | | |
| Employee provisions | 6.1B | 4,040 | 3,913 | - |
| Concessional loan commitments | 4.4A | - | 15,077 | - |
| Other provisions | 4.4B | 76,286 | 90,974 | - |
| Total provisions | | 80,326 | 109,964 | - |
| Total liabilities administered on behalf of government | | 541,415 | 211,527 | 355,266 |
| Net assets | | 53,801,812 | 8,520,536 | 34,622,779 |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2020

| | | DITCRD ¹ | DoCA ² |
|---|-------------------|---------------------|-------------------|
| | 2020 | 2019 | 2019 |
| Notes | \$'000 | \$'000 | \$'000 |
| Opening assets less liabilities as at 1 July | | | |
| Department of Infrastructure, Transport, Cities and Regional Development | 8,520,536 | 8,066,274 | 31,881,298 |
| Opening balance — Department of Communications and the Arts | 34,622,779 | - | - |
| Adjustment for change in accounting policy | - | - | (1,600) |
| Adjustment on initial application of AASB 15 | (96) | - | - |
| Adjusted opening assets less liabilities | 43,143,219 | 8,066,274 | 31,879,698 |
| Net (cost of)/contribution by services | | | |
| Income | 1,145,933 | 563,504 | 401,678 |
| Expenses | | | |
| Payments to entities other than corporate Commonwealth entities | (6,282,807) | (4,625,047) | (644,571) |
| Payments to corporate Commonwealth entities | (1,989,812) | (135,459) | (1,788,930) |
| Other comprehensive income | | | |
| Revaluations and impairments transferred to reserves — non-financial assets | 2,344 | 50,647 | (1,841) |
| Revaluations transferred to/(from) reserves — investments | 4,295,354 | (1,064,981) | (4,831,145) |
| Transfers (to)/from Australian Government | | | |
| Appropriation transfers from Official Public Account (OPA) | | | |
| Administered asset and liabilities appropriations | | | |
| Loans to corporate Commonwealth entities | 6,405,000 | - | 7,522,000 |
| Other administered asset and liabilities appropriations | 1,218,077 | 1,496,922 | 55,240 |
| Annual appropriations | | | |
| Payments to entities other than corporate Commonwealth entities | 3,038,627 | 1,738,898 | 406,080 |
| Payments to corporate Commonwealth entities | 1,989,812 | 136,531 | 1,788,930 |
| GST | 122,167 | 42,509 | - |
| Special appropriations (unlimited) | | | |
| Payments to corporate Commonwealth entities | 228,841 | 246,009 | - |
| Refund of administered receipts — section 77 PGPA Act | 705 | 742 | 47 |
| Assistance for Severely Affected Regions (COVID-19) | 96,049 | - | - |
| Protection of the Sea Pollution Compensation Fund | 308 | 303 | - |
| Special appropriations — Financial Assistance Grants | 2,561,665 | 2,503,742 | - |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2020

| | 2020 \$'000 | DITCRD ¹ 2019 \$'000 | DoCA ² 2019 \$'000 |
|---|-------------------|---------------------------------------|-------------------------------------|
| Funds provided from related entity to the Public Interest Telecommunications Services Special Account | 261,863 | - | 253,887 |
| Appropriation transfers to OPA | | | |
| Transfers to OPA | (1,170,922) | (499,755) | (418,294) |
| Airservices Australia capital return | (200,000) | - | - |
| Transfers to OPA non-cash | (308) | (303) | - |
| Early repayment of loans | (946,557) | - | - |
| Other transfers | | | |
| Restructuring | 8.3B (117,746) | - | - |
| Closing assets less liabilities as at 30 June | 53,801,812 | 8,520,536 | 34,622,779 |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

Accounting Policy
Administered cash transfers to and from the Official Public Account

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

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2020

| | | DITCRD ¹ | DoCA ² |
|--|--------------------|---------------------|--------------------|
| | 2020 | 2019 | 2019 |
| Notes | \$'000 | \$'000 | \$'000 |
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Other taxes | 38,924 | 44,931 | - |
| Revenue from contracts with customers | 18,859 | 20,287 | 3,554 |
| Western Sydney Airport preparatory activities | 99,600 | 99,600 | - |
| Fees and fines | 147,298 | 154,070 | - |
| Interest | 4 | 5 | - |
| Dividends | 49,675 | 78,112 | 42,205 |
| Rental income | 2,706 | 2,810 | - |
| Royalties | 958 | 1,845 | - |
| GST received | 112,526 | 40,159 | 54,158 |
| Other revenue | 33,818 | 3,475 | 902 |
| Total cash received | 504,368 | 445,294 | 100,819 |
| Cash used | | | |
| Employees | 15,858 | 15,281 | - |
| Grants | 4,817,721 | 4,032,712 | 287,674 |
| Subsidies paid | 785,159 | 226,714 | - |
| Suppliers | 664,987 | 234,192 | 409,095 |
| Biodiversity credits | 18,806 | 44,153 | - |
| Other expenses | 11,919 | - | 16,320 |
| Payments to corporate Commonwealth entities | 1,989,812 | 135,459 | 1,788,930 |
| Total cash used | 8,304,262 | 4,688,511 | 2,502,019 |
| Net cash (used by) operating activities | (7,799,894) | (4,243,217) | (2,401,200) |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| Repayments of advances and loans | 1,020,153 | 53,529 | 20,000 |
| Interest | 641,142 | 28,764 | 352,442 |
| Proceeds from sales of property, plant and equipment | 162 | 26 | - |
| Total cash received | 1,661,457 | 82,319 | 372,442 |
| Cash used | | | |
| Advances and loans made | 6,580,095 | 693,458 | 7,522,000 |
| Purchase of property, plant and equipment | 12,306 | 14,659 | - |
| Purchase of land and buildings | 4,393 | 33,120 | 1,608 |
| Investments | 841,867 | 783,745 | 55,240 |
| Total cash used | 7,438,661 | 1,524,982 | 7,578,848 |
| Net cash (used by) investing activities | (5,777,204) | (1,442,663) | (7,206,406) |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2020

| | | DITCRD ¹ | DoCA ² |
|---|--------------|---------------------|-------------------|
| | 2020 | 2019 | 2019 |
| Notes | \$'000 | \$'000 | \$'000 |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Funds provided from related entity for special account | 261,863 | - | 253,887 |
| Total cash received | 261,863 | - | 253,887 |
| Net cash from financing activities | 261,863 | - | 253,887 |
| Net (decrease) in cash held | (13,315,235) | (5,685,880) | (9,353,719) |
| Cash and cash equivalents at the beginning of the reporting period | 4,335 | 24,346 | 47 |
| Cash from Official Public Account (OPA) | | | |
| Appropriations | 8,979,388 | 6,165,050 | 2,304,222 |
| Special — Assistance for Severely Affected Regions (COVID-19) | 96,049 | - | - |
| Loans to corporate Commonwealth entities | 6,405,000 | - | 7,522,000 |
| Loans to entities other than corporate Commonwealth entities | 175,095 | - | - |
| Total cash from OPA | 15,655,532 | 6,165,050 | 9,826,222 |
| Cash to OPA | | | |
| Appropriations | (1,370,922) | (499,279) | (472,452) |
| Early repayment of loans | (946,557) | - | - |
| Total cash to OPA | (2,317,479) | (499,279) | (472,452) |
| Cash and cash equivalents at the end of the reporting period | 4.1A 27,153 | 4,237 | 98 |

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

On 1 February 2020, the Department of Communications and the Arts 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.

1. Comparative figures for the 2018–19 financial year are those reported by the Department of Infrastructure, Transport, Cities and Regional Development.
2. Comparative figures for the 2018–19 financial year are those reported by the Department of Communications and the Arts.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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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:

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

As required by the FRR, administered financial assets, 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.

On 1 February 2020, the Department of Communications and the Arts (DoCA) was abolished and its functions merged with the renamed Department of Infrastructure, Transport, Regional Development and Communications (the department). 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, Performance and Accountability Rule 2014* (Refer Note 8.3).

Comparative figures for the 2018–19 financial year are disclosed separately for the Department of Infrastructure, Transport, Cities and Regional Development (DITRCD) and DoCA. Comparatives have been restated where necessary to align the classification of items with the combined presentation in 2019–20.

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.

Impact of COVID-19 pandemic on the financial statements

Since mid-February 2020, the COVID-19 pandemic has led to a global financial downturn, the impact of which is unfolding at different rates for different industries. The scale and speed of the domestic and global economic downturn is currently unknown. The department has considered the financial impact of COVID-19 in relation to:

- delivery of emergency response programs, particularly for administered grant and subsidy programs. Refer notes 2.1C and 2.1D.
- 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.
- Non-financial assets: potential impairment of assets under *AASB 136 Impairment of Assets*. Refer notes 3.2A and 4.2A.
- Employee provisions: potential 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.
- 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.

New Australian Accounting Standards

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

| Standard/Interpretation | Nature of change in accounting policy, transitional provisions, and adjustment to financial statements |
|--|--|
| AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities | AASB 15 and AASB 1058 apply to not-for-profit entities for reporting periods commencing on after 1 January 2019 and replaced the requirements of <i>AASB 118 Revenue</i> and <i>AASB 1004 Contributions</i> . The department adopted AASB 15 and AASB 1058 from 1 July 2019. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB 15 moves from recognising revenue based on 'risk and reward' to meeting 'performance obligations'. The core principle of AASB 15 is to 'recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services'. |

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

| | |
|-----------------------|--|
| | <p>The department applies AASB 1058 in circumstances where AASB 15 or no other Australian Accounting Standard are applicable or where consideration paid for an asset is substantially below its fair value.</p> <p>The application of AASB 15 and AASB 1058 did not result in material changes to the recognition or measurement of revenue for the department. An adjustment of \$0.096 million was made to the opening administered net asset position to reflect a change in recognition of classification fee revenue. Changes to disclosures have been made where necessary to separate revenues and receivables between revenue from contracts with customers and other revenue subject to AASB 1058 or another standard.</p> |
| AASB 16 Leases | <p>AASB 16 applies to reporting periods commencing on or after 1 January 2019 and replaced <i>AASB 117 Leases</i>. The department adopted AASB 16 from 1 July 2019.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, with options to exclude leases where the lease term is twelve months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117, with the distinction between operating leases and finance leases being retained. Details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p> <p>The department adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, comparative information presented for 2018-19 is not restated and is presented as previously reported under AASB 117 and related interpretations.</p> <p>On 1 July 2019, the adoption of AASB 16 resulted in the recognition of right-of-use assets of \$151.9 million and lease liabilities of \$150.6 million. Previous assets and liabilities for lease incentives, operating lease payables and surplus lease space, in the capacity of the department as lessee, were derecognised on transition. The transition to AASB 16 resulted in an adjustment of \$7.9 million to opening retained earnings.</p> <p>The existing accounting treatment for leases in the department's capacity as a lessor will remain largely unchanged under AASB 16.</p> |

Taxation

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

- 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 11 September 2020, the NSW Minister for Planning and Public Spaces made the State Environmental Planning Policy (Western Sydney Aerotropolis) 2020 that will rezone administered land recognised by the department in Bringelly NSW. The rezoning is effective from 1 October 2020. The carrying value of the land at 30 June 2020 of \$17 million reflected a highest and best use of rural lifestyle purposes. The rezoning will allow the highest and best use of the land to be considered based on mixed commercial and residential use in accordance with the Western Sydney Aerotropolis Plan. On 13 September 2020, the NSW Premier also confirmed that a metro rail station will be constructed on the site. The land is expected to be sold to the NSW Government at a price reflective of its revised fair value in 2020-21 (refer Note 4.2B).

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 2020.

1.1 Expenses

| | 2020 | DITCRD | DoCA |
|--|----------------|----------------|---------------|
| | \$'000 | 2019 | 2019 |
| | | \$'000 | \$'000 |
| 1.1A: Employee benefits | | | |
| Wages and salaries | 150,625 | 89,670 | 54,060 |
| Superannuation | | | |
| Defined contribution plans | 13,793 | 7,920 | 5,097 |
| Defined benefit plans | 15,491 | 9,100 | 5,145 |
| Leave and other entitlements | 20,600 | 14,126 | 7,528 |
| Separation and redundancies | 4,184 | 1,196 | 490 |
| Other employee expenses | 1,087 | 1,035 | 748 |
| Total employee benefits | 205,780 | 123,047 | 73,068 |
| 1.1B: Suppliers | | | |
| Goods and services supplied or rendered | | | |
| Legal | 5,484 | 5,781 | 1,036 |
| Contracted services | 36,271 | 29,649 | 7 |
| Consultants | 16,032 | 13,001 | 4,000 |
| Contractors | 24,842 | 18,340 | 5,053 |
| Travel and accommodation | 4,516 | 4,447 | 2,592 |
| Communications | 4,314 | 2,198 | 275 |
| Property operating costs | 7,112 | 5,886 | 1,603 |
| Information technology services | 8,468 | 3,648 | 8,493 |
| Training and conferences | 2,484 | 2,170 | 1,259 |
| Other goods and services | 10,216 | 5,586 | 4,601 |
| Total goods and services supplied or rendered | 119,739 | 90,706 | 28,919 |
| Goods supplied | 12,348 | 3,991 | 3,009 |
| Services rendered | 107,391 | 86,715 | 25,910 |
| Total goods and services supplied or rendered | 119,739 | 90,706 | 28,919 |
| Other suppliers | | | |
| Operating lease rentals ¹ | 1,031 | 10,266 | 9,643 |
| Workers compensation expenses | 421 | 174 | 191 |
| Total other suppliers | 1,452 | 10,440 | 9,834 |
| Total suppliers | 121,191 | 101,146 | 38,753 |

¹The department applied AASB 16 using the modified retrospective approach on 1 July 2019. Comparative information has not been restated.

Lease disclosures should be read in conjunction with the accompanying notes 1.1D, 1.2B, 1.2D, 3.2 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 12 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

| | 2020 | DITCRD 2019 | DoCA 2019 |
|---|---------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| 1.1C: Grants and contributions | | | |
| Related entities | 12,090 | 1,180 | 1,270 |
| Local Governments | 34,244 | 20 | 678 |
| Non-profit organisations | 118 | 871 | 370 |
| Contributions to Administered special account | - | - | 856 |
| Total grants and contributions | 46,452 | 2,071 | 3,174 |

Grants to Local Governments represent payments made for the Drought Communities Programme Extension. These payments are usually administered in nature. The 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. The payments include \$30.5 million that were accrued as administered expenses at 30 June 2019 (refer Note 4.3C).

1.1D: Finance costs

| | | | |
|--|--------------|----------|----------|
| Interest on lease liabilities ¹ | 1,497 | - | - |
| Unwinding of provision for restoration | 5 | 1 | 3 |
| Total finance costs | 1,502 | 1 | 3 |

¹The department applied AASB 16 using the modified retrospective approach. Comparative information has not been restated.

1.1E: Impairment loss on financial instruments

| | | | |
|--|------------|----------|----------|
| Impairment of financial instruments | 411 | - | 7 |
| Total impairment on financial instruments | 411 | - | 7 |

1.1F: Write-down and impairment of other assets

| | | | |
|--|--------------|------------|----------|
| Write-down of leasehold improvements | - | 161 | - |
| Write-down of other property, plant and equipment | 28 | 1 | - |
| Impairment of intangible assets | 696 | - | - |
| Revaluation decrements — artwork | 652 | - | - |
| Total write-down and impairment of other assets | 1,376 | 162 | - |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

| | 2020 | DITCRD | DoCA |
|--|--------------|--------------|--------------|
| | \$'000 | 2019 | 2019 |
| | | \$'000 | \$'000 |
| Own-Source Revenue | | | |
| 1.2A: Revenue from contracts with customers | | | |
| Sale of goods | 1 | 3 | - |
| Rendering of services | 4,770 | 5,987 | 330 |
| Total revenue from contracts with customers | 4,771 | 5,990 | 330 |
| Disaggregation of revenue from contracts with customers | | | |
| Corporate services | 359 | 396 | 330 |
| Cost recovery | 2,943 | 3,394 | - |
| Overseas projects | 1,468 | 2,197 | - |
| Other | 1 | 3 | - |
| Total revenue from contracts with customers | 4,771 | 5,990 | 330 |
| 1.2B: Rental income | | | |
| Operating lease ¹ | | | |
| Rental rebates | 26 | - | 37 |
| Operating lease rental ² | 3,631 | - | 1,954 |
| Artbank ³ | 3,222 | - | 3,295 |
| Total rental income | 6,879 | - | 5,286 |

¹ The department applied AASB 16 using the modified retrospective approach. Comparative information has not been restated and continues to be reported under AASB 117.

² DITCRD adjusted sublease revenue against lease expenses in 2018–19.

³ Artbank rental revenue was previously classified as revenue from rendering of services by DoCA. Although the transitional arrangements in AASB 16 do not require reassessment of existing arrangements, the department considers it more appropriate to classify artbank rental revenue as operating lease revenue in accordance with AASB 16. Comparatives have been restated accordingly. The change represents a reclassification and does not change the amount reported in previous years.

Operating Leases

Maturity analysis of operating lease income receivables

| | 2020 |
|---|---------------|
| | \$'000 |
| Within 1 year | 3,420 |
| 1 to 2 years | 3,506 |
| 2 to 3 years | 3,621 |
| 3 to 4 years | 3,740 |
| 4 to 5 years | 3,863 |
| More than 5 years | 7,371 |
| Total undiscounted lease payments receivable | 25,521 |

1.2C: Other revenue

| | | | |
|-----------------------------------|--------------|--------------|--------------|
| Resources received free of charge | | | |
| Remuneration of auditors | 805 | 570 | 415 |
| Seconded employees | 14 | 111 | - |
| Special account contributions | 1,208 | - | 1,151 |
| Other | 617 | 374 | 231 |
| Total other revenue | 2,644 | 1,055 | 1,797 |

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

| | 2020 | DITCRD | DoCA |
|---|--------------|------------|----------|
| | \$'000 | 2019 | 2019 |
| | \$'000 | \$'000 | \$'000 |
| 1.2D: Other gains | | | |
| Reversal of previous write-down on leasehold improvements | 1,270 | - | - |
| Unwinding of provision for surplus lease space ¹ | - | 182 | - |
| Reversal of lease liabilities | 28 | 168 | - |
| Reversal of provision for legal costs | - | 99 | - |
| Reversal of impairment on financial assets | - | 41 | - |
| Total other gains | 1,298 | 490 | - |

¹ The department applied AASB 16 using the modified retrospective approach. Comparative information has not been restated and continues to be reported under AASB 117.

1.2E: Revenue from Government

Appropriations

| | | | |
|--------------------------------------|----------------|----------------|----------------|
| Departmental appropriations | 364,610 | 210,029 | 107,763 |
| Total revenue from Government | 364,610 | 210,029 | 107,763 |

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 expenditure is incurred on each activity.

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

| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|--|----------------|--------------------------|------------------------|
| 2.1A: Employee benefits | | | |
| Wages and salaries | 12,631 | 11,803 | - |
| Superannuation | | | |
| Defined contribution plans | 1,582 | 1,513 | - |
| Defined benefit plans | 44 | 65 | - |
| Leave and other entitlements | 1,324 | 1,484 | - |
| Other employee expenses | 481 | 685 | - |
| Total employee benefits | 16,062 | 15,550 | - |
| 2.1B: Suppliers | | | |
| Goods and services supplied or rendered | | | |
| Royalty payments | 22,040 | - | 21,818 |
| Service fees | 374,013 | 33,510 | 340,667 |
| Service delivery arrangements | 88,052 | 82,637 | - |
| Fuel and oil | 12,074 | 12,349 | - |
| Rail and road research | 14,083 | 10,666 | - |
| Medical supplies | 3,473 | 5,236 | - |
| Property and operating costs | 7,318 | 11,540 | - |
| Repairs and maintenance | 6,725 | 5,239 | - |
| Travel and accommodation | 678 | 489 | 15 |
| 'Building our Future' advertising campaign | 4,403 | 16,014 | - |
| Information, communication and technology | 2,264 | 2,143 | - |
| Other goods and services | 7,729 | 8,446 | 8,178 |
| Total goods and services supplied or rendered | 542,852 | 188,269 | 370,678 |
| Goods supplied | 12,074 | 12,349 | 15 |
| Services rendered | 530,778 | 175,920 | 370,663 |
| Total goods and services supplied or rendered | 542,852 | 188,269 | 370,678 |
| Other suppliers | | | |
| Operating lease rentals | 126 | 149 | - |
| Workers compensation expenses | 21 | 23 | - |
| Total other suppliers | 147 | 172 | - |
| Total suppliers | 542,999 | 188,441 | 370,678 |

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.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

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| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|---|------------------|--------------------------|------------------------|
| <u>2.1C: Subsidies</u> | | | |
| Subsidies in connection with | | | |
| Tasmanian Freight Equalisation Scheme | 161,167 | 153,197 | - |
| Bass Strait Passenger Vehicle Equalisation Scheme | 40,775 | 51,360 | - |
| Airservices Australia — waiver of charges | 250,000 | - | - |
| Other aviation subsidies | 358,551 | - | - |
| Other subsidies | 22,026 | 21,765 | - |
| Total subsidies | 832,519 | 226,322 | - |
| <u>2.1D: Grants</u> | | | |
| Public sector | | | |
| Australian Government entities (related parties) | 482,175 | 354,549 | 82,418 |
| State and Territory Governments | 2,600,495 | 2,565,783 | 1,710 |
| Local Governments | 794,432 | 486,860 | 2,156 |
| Private sector | | | |
| Not-for-profit organisations | 797,759 | 582,933 | 91,491 |
| Commercial entities | 116,567 | 62,544 | 71,805 |
| Overseas | 2,582 | 2,684 | - |
| Total grants | 4,794,010 | 4,055,353 | 249,580 |
| Grants to State and Territory Governments include \$2.576 billion (2019: \$2.545 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 receivables | 1,297 | 288 | 241 |
| Impairment on loans | 188 | 304 | - |
| Total impairment on financial instruments | 1,485 | 592 | 241 |
| <u>2.1F: Write-down and impairment of other assets</u> | | | |
| Write-down of land and buildings | - | 1,290 | - |
| Write-down of property, plant and equipment | 89 | 16 | - |
| Write-down of finance leases ¹ | - | 7,002 | - |
| Write-down of heritage and cultural assets | 1 | - | - |
| Total write-down and impairment of other assets | 90 | 8,308 | - |
| ¹ Write-down of finance leases reflects the lease of land to NSW Roads and Maritime Services and WSA Co Ltd in Western Sydney and to Melbourne Airport for no or nominal consideration in 2018-19. | | | |

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| | 2020 | DITCRD | DoCA |
|--|------------------|----------------|------------------|
| | \$'000 | 2019 | 2019 |
| | \$'000 | \$'000 | \$'000 |
| 2.1G: Payments to corporate Commonwealth entities | | | |
| Australian Maritime Safety Authority | 81,986 | 76,533 | - |
| Civil Aviation Safety Authority | 72,938 | 43,936 | - |
| Infrastructure Australia | 11,560 | 11,514 | - |
| National Transport Commission | 3,535 | 3,476 | - |
| Australian Broadcasting Corporation | 1,062,265 | - | 1,045,911 |
| Special Broadcasting Service Corporation | 290,054 | - | 281,726 |
| Australia Council | 212,122 | - | 208,186 |
| Australian Film, Television and Radio School | 22,605 | - | 22,584 |
| Australian National Maritime Museum | 21,217 | - | 21,415 |
| National Film and Sound Archive of Australia | 25,184 | - | 23,932 |
| National Museum of Australia | 44,611 | - | 45,164 |
| National Library of Australia | 55,016 | - | 55,557 |
| National Portrait Gallery of Australia | 11,652 | - | 11,685 |
| Screen Australia | 11,331 | - | 11,335 |
| National Gallery of Australia | 57,618 | - | 45,010 |
| Old Parliament House | 6,118 | - | 16,425 |
| Total payments to corporate Commonwealth entities | 1,989,812 | 135,459 | 1,788,930 |

Accounting Policy

Grants and Subsidies

The department administers a number of grant and subsidy schemes on behalf of 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 | 7,553 | 30 | 7,219 |
| Prizes and awards | 600 | - | 600 |
| Entitlements | 4,764 | - | 4,951 |
| Contributions | 937 | - | 855 |
| Protection of the sea levy payment | 308 | 303 | - |
| Biodiversity offset obligations | 19,931 | 86,702 | - |
| Other expenses | 2 | - | - |
| Total other expenses | 34,095 | 87,035 | 13,625 |

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered — Income

| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|--|----------------|--------------------------|------------------------|
| 2.2A: Other taxes | | | |
| Levies | 1,290 | 1,701 | - |
| Land tax equivalents | 35,031 | 40,427 | - |
| Other tax equivalents | 2,603 | 3,171 | - |
| Total other taxes | 38,924 | 45,299 | - |
| 2.2B: Revenue from contracts with customers | | | |
| Sale of goods | 981 | 544 | - |
| Rendering of services | 18,128 | 15,317 | 3,628 |
| Regulatory and other fees | 18,800 | 21,738 | - |
| Total revenue from contracts with customers | 37,909 | 37,599 | 3,628 |
| Disaggregation of revenue from contracts with customers | | | |
| Major product / service line: | | | |
| Sale of sand | 981 | 544 | - |
| Sale of goods | 981 | 544 | - |
| Classification fees | 3,411 | - | 3,628 |
| Electricity services | 8,813 | 9,647 | - |
| Health services | 121 | 198 | - |
| Marine shipping and wharfage services | 519 | 716 | - |
| Plant and equipment hire | 284 | 597 | - |
| Water and sewerage services | 4,980 | 4,159 | - |
| Rendering of services | 18,128 | 15,317 | 3,628 |
| Airport Building Controllers | 6,832 | 7,273 | - |
| Airport Environment Officers | 1,605 | 1,868 | - |
| Motor Vehicle Standards | 7,638 | 9,538 | - |
| Other fees | 2,725 | 3,059 | - |
| Regulatory and Other Fees | 18,800 | 21,738 | - |
| Total revenue from contracts with customers | 37,909 | 37,599 | 3,628 |
| 2.2C: Fees and fines | | | |
| Interstate Road Transport | - | 224 | - |
| Marine navigation levies | 91,442 | 89,323 | - |
| Protection of the sea levies | 36,727 | 35,762 | - |
| Fees from regulatory services | 128,169 | 125,309 | - |
| Fines | 474 | 694 | - |
| Total fees and fines | 128,643 | 126,003 | - |
| 2.2D: Interest | | | |
| Loan to NBN Co Limited | 628,970 | - | 351,835 |
| Other Loans | 85,652 | 87,495 | 860 |
| Unwinding of discount — concessional loans | 20,980 | 17,556 | 679 |
| Other interest | 5 | 5 | - |
| Total interest | 735,607 | 105,056 | 353,374 |

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| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|---|----------------|--------------------------|------------------------|
| 2.2E: Dividends | | | |
| Australian Postal Corporation | 20,950 | - | 42,205 |
| Airservices Australia | 5,400 | 9,800 | - |
| Australian Rail Track Corporation Limited | 23,325 | 68,312 | - |
| Total dividends | 49,675 | 78,112 | 42,205 |
| 2.2F: Rental income | | | |
| Indefeasible Rights of Use | 1,529 | - | 1,529 |
| Rental income | 2,730 | 2,794 | - |
| Total rental income | 4,259 | 2,794 | 1,529 |

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 at 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 | 2,082 | 727 | 43 |
| Insurance recoveries | 995 | 153 | - |
| Phosphate mine royalties | 958 | 1,477 | - |
| Contributions | 363 | - | 856 |
| Other revenue | 788 | 650 | 43 |
| Total other revenue | 5,186 | 3,007 | 942 |

2.2H: Other gains

| | | | |
|--|---------------|---------------|----------|
| Revaluation increase — artwork | - | 1,934 | - |
| Recognition of assets at fair value — land | - | 18,272 | - |
| Recognition of other assets at fair value | - | 3,253 | - |
| Biodiversity offset credits | 1,125 | 42,549 | - |
| Reversal of concessional discount on loans | 13,378 | - | - |
| Reversal of prior year payables | 31,627 | - | - |
| Total other gains | 46,130 | 66,008 | - |

Reversal of prior year payables includes amounts accrued at 30 June 2019 for the Drought Communities Programme Extension that were paid from departmental appropriations in 2019–20 (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

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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) levies 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 license 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 considered either application fees or licences which 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 fees 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

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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

| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|---|----------------|--------------------------|------------------------|
| 3.1A: Cash and cash equivalents | | | |
| Cash on hand or on deposit | 4,358 | 2,716 | 760 |
| Cash in special accounts | 52 | - | 300 |
| Cash held in the OPA (special accounts) | 5,507 | - | 4,448 |
| Other | 362 | 96 | 84 |
| Total cash and cash equivalents | 10,279 | 2,812 | 5,592 |
| 3.1B: Trade and other receivables | | | |
| Goods and services receivables | | | |
| Contract assets | 2,521 | 1,415 | 834 |
| Total goods and services receivables | 2,521 | 1,415 | 834 |

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 | 127,286 | 124,178 | 17,458 |
| Total appropriations receivable | 127,286 | 124,178 | 17,458 |

Other receivables

| | | | |
|--|----------------|----------------|---------------|
| GST receivable from the Australian Taxation Office | 3,539 | 2,644 | 596 |
| Other | 20 | 125 | 515 |
| Total other receivables | 3,559 | 2,769 | 1,111 |
| Total trade and other receivables (gross) | 133,366 | 128,362 | 19,403 |
| Less impairment loss allowance | | | |
| Contract assets | (439) | (44) | (16) |
| Total impairment loss allowance | (439) | (44) | (16) |
| Total trade and other receivables (net) | 132,927 | 128,318 | 19,387 |

Credit terms for goods and services were within 30 days (2019: 30 days).

3.1C: Accrued revenue

| | | | |
|------------------------------|--------------|--------------|----------|
| Accrued revenue | 1,017 | 1,585 | - |
| Total accrued revenue | 1,017 | 1,585 | - |

Accounting Policy

Financial assets

Trade receivables and other receivables that are held for the purpose of collecting contractual cash flows where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Impairment

All financial assets are assessed for impairment at the end of each reporting period based on expected credit losses. Impairment of trade receivables is assessed on lifetime credit losses. The loss is recognised in the Statement of Comprehensive Income.

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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 2020

| | Buildings \$'000 | Artwork \$'000 | Other property, plant & equipment \$'000 | Computer software internally developed \$'000 | Computer software purchased \$'000 | Total \$'000 |
|---|---------------------|-------------------|---|---|---|-----------------|
| As at 1 July 2019 | | | | | | |
| Gross book value | 16,563 | 151 | 16,460 | 33,061 | 5,146 | 71,381 |
| Accumulated depreciation, amortisation and impairment | (728) | (9) | (4,322) | (24,217) | (3,575) | (32,851) |
| Total as at 1 July 2019 | 15,835 | 142 | 12,138 | 8,844 | 1,571 | 38,530 |
| As at 1 July 2019 — Department of Communications and the Arts (DoCA) | | | | | | |
| Gross book value — DoCA | 15,842 | 36,531 | 8,272 | 16,340 | 942 | 77,927 |
| Accumulated depreciation, amortisation and impairment — DoCA | (3,193) | (509) | (1,676) | (7,840) | (815) | (14,033) |
| Total as at 1 July 2019 — DoCA | 12,649 | 36,022 | 6,596 | 8,500 | 127 | 63,894 |
| Recognition of right of use asset on initial application of AASB 16 | 151,880 | - | 39 | - | - | 151,919 |
| Adjusted total as at 1 July 2019 | 180,364 | 36,164 | 18,773 | 17,344 | 1,698 | 254,343 |
| Additions | | | | | | |
| Purchase | 3,022 | 318 | 6,248 | - | 379 | 9,967 |
| Internally developed | - | - | - | 12,252 | - | 12,252 |
| Right-of-use assets | 2,372 | - | 33 | - | - | 2,405 |
| Reversal of previous write-downs | 1,270 | - | - | - | - | 1,270 |
| Revaluation recognised in other comprehensive income | 1,371 | (16) | 55 | - | - | 1,410 |
| Revaluations and impairments recognised in net cost of services | - | (652) | - | (696) | - | (1,347) |
| Depreciation and amortisation | (4,574) | (84) | (3,542) | (3,689) | (566) | (12,455) |
| Depreciation on right-of-use assets | (21,993) | - | (25) | - | - | (22,018) |
| Other movements | (73) | (1) | 724 | (637) | (13) | - |
| Reclassifications | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Write-downs | - | (9) | (18) | - | - | (27) |
| Total as at 30 June 2020 | 161,759 | 35,720 | 22,248 | 24,574 | 1,498 | 245,799 |
| Total as at 30 June 2020 represented by | | | | | | |
| 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 30 June 2020 | 161,759 | 35,720 | 22,248 | 24,574 | 1,498 | 245,799 |
| Carrying amounts of right-of-use assets | 132,259 | - | 47 | - | - | 132,306 |

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.

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Revaluations of non-financial assets

The department conducted revaluations in accordance with the revaluation policy stated below. An independent valuer conducted a revaluation of the buildings (leasehold improvements), artworks and other property, plant and equipment asset classes as at 30 June 2020.

Revaluation increments of \$1.371 million for buildings (2019: \$0.170 million) and \$0.055 million for other property, plant and equipment (2019: Nil) were made to the asset revaluation surplus. A revaluation decrement of \$0.688 million was made for artworks with \$0.016 million adjusted to the revaluation surplus and the remaining \$0.652 million recognised as a revaluation decrement expense (2019: Nil). Leasehold improvement assets previously written down were reinstated at a fair value of \$1.270 million due to early termination of a sub-lease to another Australian Government entity.

Impairment of non-financial assets

Impairment losses of \$0.696 million were recognised for software assets as at 30 June 2020 (2019: Nil). No impairment losses were recognised for other property, plant and equipment assets at 30 June 2020 (2019: Nil). Recognition of impairment adjustments is in accordance with the impairment policy stated below. No material disposal of assets are expected to occur in the 2020–21 financial year.

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).

Purchases of property, plant and equipment by DoCA up to 31 January 2020 applied a threshold of \$2,000 (other than where they formed part of a group of similar items that were significant in total). The department conducted an assessment and determined that assets purchased by DoCA for less than \$5,000 that were not part of a group of similar items were not material.

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.

The department recognised ROU assets of \$151.9 million at 1 July 2019. Following initial application, an impairment review is undertaken for any ROU asset that shows indicators of impairment and an impairment loss 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 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 assets 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 schedules were amended, where required, to align schedules between the department and DoCA except where the consolidation of assets was not material to the asset class.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

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Artwork

Artworks managed by Artbank are considered heritage and cultural items that are 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.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

| | 2020 | 2019 |
|----------------------------|--|--|
| Buildings on freehold land | 1 to 60 years | 1 to 60 years |
| Leasehold improvements | Shorter of lease term or expected useful economic life | Shorter of lease term or expected useful economic life |
| Plant and equipment | 1 to 100 years | 1 to 100 years |
| Artwork | 1 to 480 years | 1 to 100 years |

Depreciation rates for artworks were revised from 1 February 2020 to reflect the useful lives of Artbank assets and are consistent with the depreciation rates previously applied by DoCA. The change in useful lives did not have a material effect on other artwork held by the department.

Impairment

All assets were assessed for impairment at 30 June 2020, 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 pandemic to assess impairment of non-financial assets as at 30 June 2020 in accordance with AASB 136. No significant policy changes have been made affecting the value of departmental assets due to COVID-19. Government lockdown policies have resulted in a higher number of employees working from home. However, offices and facilities remain open and the functions of the department have been prioritised to maintain critical functions and deliver emergency response programs. Any reduction in use of assets because of COVID-19 measures (estimated to be 3–6 months) is not considered significant and will not affect the fair value of the assets relative to their average useful lives in each asset category. No impairment adjustments of non-financial assets occurred due to COVID-19 where assets had not been re-valued

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.

Intangibles were previously recognised by DoCA where the cost exceeded \$2,000. The department conducted an assessment and determined that internally developed software assets recognised by DoCA under \$50,000 were not material.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the department's software varies from 3 to 9 years (2019: 3 to 9 years).

All software assets were assessed for indications of impairment as at 30 June 2020.

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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.

Property, plant and equipment and artwork assets

The fair value of property, plant and equipment assets has been taken to be the market value or current replacement cost as determined by an independent qualified valuer as at 30 June 2020.

The fair value of artwork has been taken to be the market value of similar assets as determined by an independent qualified valuer at 30 June 2020.

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 |
| 3.2B: Capital commitments acquisition | | |
| Buildings | 159 | - |
| Property, plant and equipment | 965 | 1,571 |
| Computer software internally developed | 6,999 | 3,931 |
| Total capital commitments | 8,123 | 5,502 |

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2019

| Capital Commitments | Within 1 year | Between 1 to 5 years |
|--|---------------|----------------------|
| | \$'000 | \$'000 |
| Buildings | - | - |
| Property, plant and equipment | 1,683 | - |
| Computer software internally developed | 7,792 | 1,689 |
| Total capital commitments | 9,475 | 1,689 |

The above commitment amounts are GST inclusive.

| | 2020 | DITCRD 2019 | DoCA 2019 |
|---|--------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| 3.2C: Other non-financial assets | | | |
| Prepayments | 4,798 | 5,519 | 3,119 |
| Operating lease rentals – sublease | 1,017 | 423 | 452 |
| Lease incentive – sublease | 523 | - | 593 |
| Total other non-financial assets | 6,338 | 5,942 | 4,164 |

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

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3.3 Payables

| | 2020 | DITCRD 2019 | DoCA 2019 |
|--------------------------------------|---------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| 3.3A: Suppliers | | | |
| Trade creditors | 4,799 | 858 | - |
| Accrued expenses | 27,455 | 15,762 | 3,724 |
| Operating lease rentals ¹ | - | 2,991 | 1,799 |
| Total suppliers | 32,254 | 19,611 | 5,523 |

Settlement is usually made within 30 days.

¹ The department applied AASB 16 using the modified retrospective approach. Comparative information has not been restated.

3.3B: Other payables

| | | | |
|-------------------------------|--------------|--------------|--------------|
| Unearned revenue | 1,557 | 181 | 2,111 |
| Employee transfers | - | - | 1,658 |
| Lease incentives ¹ | - | 442 | 2,633 |
| Contributions | - | - | 106 |
| Wages and salaries | 3,321 | 799 | 457 |
| Superannuation | 432 | 134 | 77 |
| Separations and redundancies | 1,011 | 798 | - |
| Other | 360 | 154 | 450 |
| Total other payables | 6,681 | 2,508 | 7,492 |

¹ The department applied AASB 16 using the modified retrospective approach. Comparative information has not been restated.

3.4 Interest Bearing Liabilities

3.4A: Leases

| | | | |
|--------------------------------|----------------|----------|----------|
| Lease liabilities ¹ | 133,548 | - | - |
| Total finance leases | 133,548 | - | - |

¹ The department applied AASB 16 using the modified retrospective approach on 1 July 2019. Comparative information has not been restated.

3.5 Other Provisions

| | Provision for restoration | Other Provisions | Provision for surplus lease space | Total |
|--|---------------------------------|---------------------|---|------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance as at 1 July 2019 | 266 | - | 249 | 515 |
| Opening balance — DoCA | 374 | - | - | 374 |
| Adjustment on initial application of AASB 16 | - | - | (249) | (249) |
| Adjusted opening balance | 640 | - | - | 640 |
| Additional provisions made | 31 | 250 | - | 281 |
| Revalued | 86 | - | - | 86 |
| Amounts used | (24) | - | - | (24) |
| Reversal and other movements | (28) | - | - | (28) |
| Unwinding of discount or change in discount rate | 5 | - | - | 5 |
| Total as at 30 June 2020 | 710 | 250 | - | 960 |

The department had four agreements at 30 June 2020 (2019: six) 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.

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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

| | DITCRD | DoCA |
|--|---------------|-----------|
| 2020 | 2019 | 2019 |
| \$'000 | \$'000 | \$'000 |
| 4.1A: Cash and cash equivalents | | |
| Cash on hand or on deposit | 13 | - |
| Cash in special accounts | 27,140 | 98 |
| Total cash and cash equivalents | 27,153 | 98 |

The closing balance of Cash in special accounts does not include amounts held in trust. 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 | 19,458,079 | - | 13,053,335 |
| Commercial entities | 1,880,123 | 1,717,275 | - |
| Local Government | - | 85,049 | - |
| State and Territory Governments | 168,347 | 968,699 | - |
| Other related entities | - | - | 29,619 |
| Total advances and loans | 21,506,549 | 2,771,023 | 13,082,954 |

Other receivables

| | | | |
|--|---------------|---------------|---------------|
| Contract asset receivable | 4,652 | 4,507 | - |
| GST receivable from Australian Taxation Office | 46,878 | 9,082 | 27,748 |
| Grants receivable | 47 | - | 264 |
| Total other receivables | 51,577 | 13,589 | 28,012 |

Total trade and other receivables (gross)

| | | |
|-------------------|------------------|-------------------|
| 21,558,126 | 2,784,612 | 13,110,966 |
|-------------------|------------------|-------------------|

Less impairment allowance

| | | | |
|--|----------------|----------------|----------------|
| Loans to corporate Commonwealth entities | (1,551) | - | (1,600) |
| Grants receivable | (8) | - | (264) |
| Other loans | (237) | - | - |
| Other receivables | (2,866) | (1,569) | - |
| Total impairment allowance | (4,662) | (1,569) | (1,864) |

Total trade and other receivables (net)

| | | |
|-------------------|------------------|-------------------|
| 21,553,464 | 2,783,043 | 13,109,102 |
|-------------------|------------------|-------------------|

Trade and other receivables (net) expected to be recovered

| | | | |
|--|-------------------|------------------|-------------------|
| No more than 12 months | 131,103 | 62,586 | 47,973 |
| More than 12 months | 21,422,361 | 2,720,457 | 13,061,129 |
| Total trade and other receivables (net) | 21,553,464 | 2,783,043 | 13,109,102 |

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4.1C: Reconciliation of the impairment allowance

Movements in relation to 2020

| | Loans to corporate Commonwealth entities 2020 \$'000 | Grants receivable 2020 \$'000 | Other advances and loans 2020 \$'000 | Other receivables 2020 \$'000 | Total 2020 \$'000 |
|---|--|--|--|--|-------------------------|
| Opening balance as at 1 July 2019 | - | - | - | 1,569 | 1,569 |
| Opening balance — DoCA | 1,600 | 264 | - | - | 1,864 |
| Balance carried forward from previous period | 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 |

Movements in relation to 2019

| | Loans to corporate Commonwealth entities 2019 \$'000 | Grants receivable 2019 \$'000 | Advances and loans 2019 \$'000 | Other receivables 2019 \$'000 | Total 2019 \$'000 |
|---|--|--|---|--|-------------------------|
| As at 1 July 2018 | - | 1 | 3,402 | 1,343 | 4,746 |
| Amounts restated through opening retained earnings | 1,600 | - | - | - | 1,600 |
| Amounts written off | - | - | (3,706) | (62) | (3,768) |
| Increase/(decrease) recognised in net cost of service | - | 263 | 304 | 288 | 855 |
| Total as at 30 June 2019 | 1,600 | 264 | - | 1,569 | 3,433 |

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| | 2020 | DITCRD 2019 | DoCA 2019 |
|---|-------------------|------------------|-------------------|
| | \$'000 | \$'000 | \$'000 |
| 4.1D: Investments | | | |
| Investments accounted for using the net assets method | | | |
| Australian Government authorities | | | |
| Australia Council | 16,287 | - | 14,725 |
| Australian Broadcasting Corporation | 1,053,295 | - | 1,071,656 |
| Australian Film, Television and Radio School | 12,373 | - | 11,105 |
| Australian Maritime Safety Authority | 184,512 | 206,272 | - |
| Australian National Maritime Museum | 264,089 | - | 263,063 |
| Civil Aviation Safety Authority | 53,171 | 62,451 | - |
| Infrastructure Australia | 2,905 | 4,418 | - |
| National Film and Sound Archive of Australia | 363,246 | - | 353,384 |
| National Gallery of Australia | 6,651,648 | - | 6,333,026 |
| National Library of Australia | 1,686,965 | - | 1,695,104 |
| National Museum of Australia | 466,112 | - | 459,315 |
| National Portrait Gallery of Australia | 145,091 | - | 146,170 |
| National Transport Commission | 839 | 849 | - |
| Old Parliament House | - | - | 112,629 |
| Screen Australia | 14,116 | - | 17,749 |
| Special Broadcasting Service Corporation | 225,652 | - | 222,626 |
| Total Australian Government authorities | 11,140,301 | 273,990 | 10,700,552 |
| Australian Government companies | | | |
| Bundanon Trust | 62,920 | - | 59,196 |
| Creative Partnerships Australia | 3,511 | - | 5,473 |
| Moorebank Intermodal Company Limited | 323,593 | 248,136 | - |
| WSA Co Limited | 628,755 | 449,579 | - |
| NBN Co Limited | - | - | 8,682,301 |
| Total Australian Government companies | 1,018,779 | 697,715 | 8,746,970 |
| Australian Government controlled entities | | | |
| Norfolk Island Health and Residential Aged Care Service | 2,777 | 2,748 | - |
| Total investments accounted for using the net assets method | 12,161,857 | 974,453 | 19,447,522 |
| Investments accounted for using the discounted cash flow method | | | |
| Australia Government authorities | | | |
| Airservices Australia | 348,300 | 832,758 | - |
| Australian Government companies | | | |
| Australian Postal Corporation | 2,593,000 | - | 2,224,649 |
| Australian Rail Track Corporation Limited | 2,919,700 | 3,292,000 | - |
| NBN Co Limited | 13,768,000 | - | - |
| Total investments accounted for using the discounted cashflow method | 19,629,000 | 4,124,758 | 2,224,649 |
| Total Investments | 31,790,857 | 5,099,211 | 21,672,171 |
| Other investments expected to be recovered | | | |
| No more than 12 months | - | - | - |
| More than 12 months | 31,790,857 | 5,099,211 | 21,672,171 |
| Total other investments | 31,790,857 | 5,099,211 | 21,672,171 |

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| | 2020 | DITCRD ¹ 2019 | DoCA ² 2019 |
|--|---------------|-----------------------------|---------------------------|
| | \$'000 | \$'000 | \$'000 |
| 4.1E: Other financial assets | | | |
| Biodiversity offset credits | | | |
| Biodiversity offset credits | 71,710 | 86,702 | - |
| Total biodiversity offset credits | 71,710 | 86,702 | - |
| Accrued revenue | | | |
| Contract assets | 2,922 | 2,836 | - |
| Total accrued revenue | 2,922 | 2,836 | - |
| Total other financial assets | 74,632 | 89,538 | - |
| Other financial assets expected to be recovered | | | |
| No more than 12 months | 74,632 | 89,538 | - |
| More than 12 months | - | - | - |
| Total other financial assets | 74,632 | 89,538 | - |

Accounting Policy

Loans and Receivables

Credit terms for goods and services were within 30 days (2019: 30 days).

Concessional loans have been provided to State, Territory, local government and commercial entities. The loans were made for periods ranging from 4 to 118 years. No security is generally required. Interest rates are fixed on most loans. Interest payment arrangements vary in each loan agreement, with some agreements allowing for capitalisation of interest for specified periods.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised in the Administered Schedule of Comprehensive Income.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale, are classified as fair value through other comprehensive income (FVOCI) and are measured at their fair value as at 30 June 2020. 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% interest in the following entities, except the National Transport Commission (35%). The principal activities of entities are:

Airservices Australia: Provides safe, secure, efficient and environmentally responsible air navigation and aviation rescue and firefighting services to the aviation industry.

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.

Australian Broadcasting Corporation (ABC): National broadcaster contributing to and reflecting Australia's national identity, fostering creativity and the arts and encouraging cultural diversity.

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.

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.

Australian National Maritime Museum: Leads the promotion and conservation of Australia's maritime heritage and culture.

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.

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Australian Rail Track Corporation Ltd (ARTC): Operates and manages standard gauge rail track across Australia and responsible for construction of the Inland Rail project. The Australian Government has entered into agreements with ARTC to provide equity financing of up to \$9.3 billion for delivery of the Inland Rail and Adelaide to Tarcoola rail projects. A total of \$940.8 million in equity payments have been made under these agreements to 30 June 2020 including \$425.7 million in 2019–20 (\$290.7 million in 2018–19).

Bundanon Trust: Owns and manages the properties and art collection donated by Arthur and Yvonne Boyd as a gift to the nation.

Civil Aviation Safety Authority (CASA): Regulates the safety of civil air operations in Australia and Australian registered aircrafts operating outside Australian territory.

Creative Partnerships Australia: Business name of the Australia Business Arts Foundation which promotes investments in the arts.

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.

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 \$319.7 million has been provided under the agreement to 30 June 2020 including \$71.6 million in 2019–20 (\$174.7 million in 2018–19).

National Film and Sound Archive: Collects and preserves Australian film, recorded sound, broadcast and new media.

National Gallery of Australia: Develops and maintains a national collection of works of art.

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.

National Museum of Australia: Develops and maintains a national historical collection for the benefit of the nation.

National Portrait Gallery of Australia: Develops and maintains a national collection of portraits.

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.

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. Loan advances of \$19.5 billion have been made to NBN Co Ltd up to 30 June 2020 including \$6.4 billion in 2019–20 (\$7.5 billion in 2018–19).

Norfolk Island Health and Residential Aged Care Service (NIHRACS): A body corporate established under the *Norfolk Island Health and Residential Aged Care Service Act 1986* (NI) 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.

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.

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.

Special Broadcasting Service Corporation: Provides multicultural and multilingual television, radio and digital media services that inform, educate and entertain all Australians.

WSA Co Limited: responsible for the construction and operation of the Sydney West International (Nancy-Bird Walton) Airport (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 \$1.1 billion in equity payments have been made up to 30 June 2020 including \$505.1 million in 2019–20 (\$318.3 million in 2018–19).

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 and previously at the Moorebank Logistics Park. Credits are issued by the NSW Office of Environment and Heritage (OEH) under the *Biodiversity Conservation Act 2016* (NSW) for specific ecosystems and species.

Credits are tradable at market prices until retired by the OEH to offset the environmental impact of development, 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

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financial asset at fair value on the basis that it holds credits for the purpose of meeting environmental offset obligations with a secondary objective of trading or voluntarily retiring surplus credits. The department also recognises a corresponding provision for the obligation to use credits to offset the impact of development in accordance with the relevant environment management plans (Note 4.4B).

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.

The fair value of each advance was determined using the present value of expected cash flows, discounted at the prevailing market interest rate. The prevailing market interest rate is fixed for each advance to be consistent with the fixed interest rate in the loan facility agreement. As the loan facility is the first to be made by the Australian Government for a major road project, no comparable products 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. No allowance for these repayments had been made at 30 June 2020 as there are no indicators these circumstances will arise.

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 may be capitalised until the limit of the loan facility is reached. The loan facility limit was reached in July 2020.

Other loans

The Australian Government has also provided loans to the Northern Territory Government and the University of the Sunshine Coast on concessional terms. Loans previously provided to the ACT Government, Sunshine Coast Regional Council and Australian Broadcasting Corporation were repaid in full during 2019–20.

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 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 Australia generates significant non-government cash inflows from the aviation industry, and historically its cash flows have been demonstrated to be reliably predicted. However given the significant economic impact of the COVID-19 pandemic on the aviation industry, and particularly traffic volumes, Airservices Australia has received short term funding support from the Australian Government to ensure that air navigation services continue to be provided as the industry recovers.

Airservices Australia elected to defer completion of its corporate plan for 2020–21. In the absence of financial forecasts approved by the Airservices Australia Board, the discounted cash flow valuation incorporates cash flow forecasts underpinning Airservices Australia management's 10 year draft strategic plan, extrapolated to 30 June 2035 and an estimated terminal value beyond 30 June 2035. The underpinning financial forecasts are based on revenue estimates that reflect assumptions regarding the timing and level of resumption of domestic and international flights based on expert advice on forecast passenger numbers over the corporate plan period. In addition, the operating expenses estimates are based on draft views as to the cost base necessary to support the business going forward. These estimates are subject to a high degree of uncertainty.

As there are no directly comparable entities, the cash flows are discounted using the estimated Airservices Australia weighted average cost of capital of 7.8%, determined with reference to entities that operate in similar industries. An increased risk adjustment was incorporated into the discount rate given the significant uncertainty associated with its cash flows. Furthermore, the department has adopted the lower end of the valuation range recommended by the independent valuer. No additional government support is assumed in the valuation, other than committed at 30 June 2020.

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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 2020 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 2021–24 Corporate Plan, extrapolated to 30 June 2026 and an estimated terminal value beyond 30 June 2026. The cash flows are discounted using a Weighted Average Cost of Capital (WACC) of 7.75% determined with reference to entities that operate in similar industries. The terminal value is escalated by the terminal growth rate based on aggregate long term earnings.

Australia Post has been impacted by COVID-19 with unprecedented levels of parcel deliveries offset by a decline in mail volumes. The cash flow forecasts were estimated with reference to probability weighted projections of increased e-commerce trends and potential competition by major e-commerce operators.

The revenue and terminal growth rate is dependent on the increase of revenues achieved through growth of e-commerce and forecasts are therefore subject to a high level of uncertainty. The fair value was considered reasonable in the context of comparison to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) multiples with international mail and parcel entities. Although the Australia Post EBITDA was lower than most comparable entities, this was considered reasonable in the context of 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 | 7.75% | 7.5% to 8.5% | 2.21 | 2.72 |
| Parcel Revenue long term growth rate Sensitivity – Volume adjustment | 5.2% CAGR per valuation model | 5.0% CAGR | 1.94 | 2.59 |
| Parcel Revenue long term growth rate Sensitivity – Price adjustment | 5.2% CAGR per valuation model | 5.0% CAGR | 1.73 | 2.59 |
| Terminal value growth rate | 2.73% | +/- 10% | 2.28 | 2.94 |

CAGR = Compound annual growth rate

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. These assets will be integrated into the valuation of ARTC's interstate network assets once the project is substantially complete but have been impaired to zero value, or close to zero value, at 30 June 2020. 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.

NBN Co Limited (NBN Co): DoCA previously reported the fair value of the Australian Government's investment in NBN Co using its net asset position while construction of the National Broadband Network (NBN) was in progress. As construction of the NBN was largely complete by 30 June 2020, the department determined that a discounted cash flow valuation would be appropriate for the 2019–20 financial year. The discounted cash flow valuation was determined by the department, with modelling input prepared by NBN Co, with 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 adopts an equity approach using the free cash flows forecast in NBN Co's Integrated Operating Plan (IOP) extrapolated to 2040. The cash flow forecasts were adjusted where appropriate for assumptions on investments and other decisions that would be adopted by a hypothetical purchaser and included calculation of a terminal value, discounted using an assumed rate of return on equity of 10.49%. The assumptions used in the valuation are based on circumstances that a hypothetical purchaser would consider in an acquisition of the equity in NBN Co as at 30 June 2020 in an arms-length transaction and 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.

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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 \$13.8 billion and \$15.8 billion. The department adopted a conservative fair value estimate at the lower end of this range to reflect the sensitivity of the valuation to changes in key assumptions and ongoing uncertainties of the impact of COVID-19 on economic conditions. Expert advice indicated that the fair value was supported by cross-checks against EBITDA multiples of entities operating in similar industries once NBN Co has fully transitioned from its build to operating phase.

Other valuation assumptions included a hypothetical purchaser would not be able to access carried forward tax losses, would not receive benefits from franking credits and would need to refinance existing debt at 30 June 2020. These assumptions do not seek to pre-empt the Commonwealth's approach to a future sale of NBN Co.

The sensitivity to the key assumptions in the valuation is set out below:

| Assumption | Selection | Sensitivity | Value (\$ billion) | |
|------------------------------|---------------------|------------------------|--------------------|------|
| | | | Low | High |
| Discount rate | 10.49% | +/- 0.5% | 12.5 | 15.3 |
| Forecast total revenue | Per valuation model | +/- 5.0% in each year | 11.1 | 16.6 |
| Forecast operating expenses | Per valuation model | +/- 10.0% in each year | 12.5 | 15.1 |
| Forecast capital expenditure | Per valuation model | +/- 10.0% in each year | 12.6 | 15.0 |
| Debt interest cost | Per valuation model | +/- 50 bps | 12.9 | 14.5 |
| Terminal value growth rate | 2.50% | +/- 0.5% | 13.4 | 14.2 |

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 2020.

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 \$425 million (2019: \$387.5 million) as determined by an independent valuer as at 30 June 2020.

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 as at 30 June 2020 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/biodiversity-offsets-scheme/offsets-payment-calculator>.

The daily spot market prices reflect the price at which biodiversity credits can be traded between active market participants. Any differences between the carrying value and fair value at 30 June 2020 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
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4.2 Administered – Non-Financial Assets

4.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2020

| | Land \$'000 | Buildings \$'000 | Artwork \$'000 | Heritage and cultural \$'000 | Other property, plant & equipment \$'000 | Computer software purchased \$'000 | Phosphate mine leases \$'000 | Total \$'000 |
|---|----------------|---------------------|-------------------|------------------------------------|---|---|------------------------------------|-----------------|
| As at 1 July 2019 | | | | | | | | |
| Gross book value | 83,990 | 162,922 | 35,596 | 84,385 | 373,711 | 70 | 6,999 | 747,673 |
| Accumulated depreciation, amortisation and impairment | - | (3,035) | - | (2) | (10,600) | (20) | (1) | (13,658) |
| Total as at 1 July 2019 | 83,990 | 159,887 | 35,596 | 84,383 | 363,111 | 50 | 6,998 | 734,015 |
| As at 1 July 2019 — DoCA | | | | | | | | |
| Gross book value — DoCA | - | 57,985 | - | - | 138,140 | - | - | 196,125 |
| Accumulated depreciation, amortisation and impairment — DoCA | - | (2,416) | - | - | - | - | - | (2,416) |
| Total as at 1 July 2019— DoCA | - | 55,569 | - | - | 138,140 | - | - | 193,709 |
| Adjusted total as at 1 July 2019 | 83,990 | 215,456 | 35,596 | 84,383 | 501,251 | 50 | 6,998 | 927,724 |
| Additions | | | | | | | | |
| Purchase | - | 2,791 | - | 1,602 | 12,306 | - | - | 16,699 |
| Revaluations and impairments recognised in other comprehensive income | - | - | - | - | (1,156) | - | 3,500 | 2,344 |
| Depreciation and amortisation | - | (13,179) | - | (2,431) | (42,276) | (18) | (3,500) | (61,404) |
| Reclassifications | - | (57,979) | - | 55,569 | 2,410 | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Write-downs — Other | - | - | - | (1) | (260) | - | - | (261) |
| Total as at 30 June 2020 | 83,990 | 147,089 | 35,596 | 139,122 | 472,275 | 32 | 6,998 | 885,102 |
| Total as at 30 June 2020 represented by | | | | | | | | |
| Gross book value | 83,990 | 165,719 | 35,596 | 141,555 | 524,618 | 70 | 6,999 | 955,547 |
| Accumulated depreciation, amortisation and impairment | - | (18,630) | - | (2,433) | (62,343) | (38) | (1) | (73,445) |
| Total as at 30 June 2020 | 83,990 | 147,089 | 35,596 | 139,122 | 472,275 | 32 | 6,998 | 885,102 |

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Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item are disclosed in the heritage and cultural asset class.

Impairment losses of \$1.2 million were recognised for other property, plant and equipment assets (2019: Nil) for impairment events that had occurred since the last valuation.

Recognition of impairment adjustments is in accordance with the impairment policy stated below.

Assets held for sale

The land asset class includes land at Bringelly in Western Sydney NSW with a carrying value of \$17 million that is expected to be sold to the NSW Government in 2020–21 to facilitate development of the Western Sydney Aerotropolis under the Western Sydney Cities Deal. The carrying value of land at 30 June 2020 reflects its fair value, as determined by an independent qualified valuer, based on its current zoning restrictions and a highest and best use of rural lifestyle uses. The carrying value does not consider the urban zonings proposed under the Western Sydney Aerotropolis Plan 2020 or earlier iterations of the Plan that were released for public consultation including a joint commitment from the Commonwealth and State Government to construct a metro rail station at the site. Changes to the zoning of the land to allow consideration of these plans and commitments as its highest and best use had not taken effect at 30 June 2020.

Revaluations of non-financial assets

A revaluation increment of \$3.5 million was made to the asset revaluation surplus for phosphate mining lease rights on Christmas Island (2019 \$4.5 million). No revaluations were made to the land (2019: \$29.1 million decrement), buildings (2019: \$30.7 million increment), artwork (2019: \$1.9 million increment) or other property, plant and equipment (2019: \$41.4 million increment) asset classes in 2019–20.

Contractual commitments for the acquisition of property, plant, equipment assets for 2020

| <u>Capital Commitments Acquisition</u> | 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 |

Contractual commitments for the acquisition of property, plant, equipment assets for 2019

| | Within 1 year | Between 1 to 5 years |
|----------------------------------|----------------------|---------------------------------|
| | \$'000 | \$'000 |
| Buildings | 1,763 | 3,555 |
| Property plant and equipment | 5,504 | 1,634 |
| Total capital commitments | 7,267 | 5,189 |

Accounting Policy

Administered artworks and other heritage and cultural assets

The administered artworks asset class comprises paintings and other artworks by Sir Sidney Nolan (Nolan collection) with an aggregated value of \$35.5 million (2019: \$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 that are held and/or used primarily for purposes that relate to their historical or cultural significance. They include:

- buildings, ruins, reserves and collections on Norfolk Island of historical significance with an aggregated value of \$74.2 million (2019: \$74.6 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 (2019: \$1.0 million) and
- historic aircraft with an aggregated value of \$8.8 million (2019: \$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 was reclassified as a heritage and cultural asset during 2019–20 to reflect its cultural significance. The building is located on land leased from the University of New South Wales. The building 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.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 from 1 to 21 years (2019: 1 to 21 years).

Software assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Phosphate mining lease rights are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Accounting Judgements and Estimates

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 that 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 the COVID-19 pandemic on the impairment of its administered non-financial assets as at 30 June 2020 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. There was evidence of some of these assets being underutilised or temporarily idle due to COVID-19 lockdown arrangements. These are considered to be short term impacts and would not reduce the service potential of the assets. 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 2020.

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 2020.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 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 2020.

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.

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.

| | 2020 | DITCRD 2019 | DoCA 2019 |
|-----------------------------------|--------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| 4.2B: Inventories | | | |
| Inventories held for distribution | 2,408 | 2,623 | - |
| Total inventories | 2,408 | 2,623 | - |
| 4.2C: Prepayments | | | |
| Grant prepayments | 6,240 | 19,396 | - |
| Other prepayments | 3,371 | - | 2,965 |
| Total prepayments | 9,611 | 19,396 | 2,965 |

Accounting Policy

Inventories

During 2020, \$7.2 million (2019: \$8.3 million) of inventory held for distribution was recognised as an expense. All inventories are expected to be sold or distributed in the next 12 months. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores — purchase cost on a first in-first out basis and
- finished goods and work-in-progress — cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

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

4.3 Administered – Payables

| | | DITCRD | DoCA |
|--|--------|--------|--------|
| | 2020 | 2019 | 2019 |
| | \$'000 | \$'000 | \$'000 |

4.3A: Suppliers

| | | | |
|------------------------------|----------------|---------------|----------------|
| Trade creditors and accruals | 347,321 | 20,806 | 330,215 |
| Total suppliers | 347,321 | 20,806 | 330,215 |

Settlement is usually made within 30 days.

4.3B: Subsidies

Subsidies in connection with

| | | | |
|------------------------|---------------|---------------|----------|
| External parties | 58,608 | 11,248 | - |
| Total subsidies | 58,608 | 11,248 | - |

4.3C: Grants

| | | | |
|---------------------------------|---------------|---------------|---------------|
| Australian Government entities | 6,927 | 5,650 | 431 |
| State and territory governments | 822 | 24 | - |
| Local Governments | 7,720 | 31,694 | 166 |
| Non-profit organisations | 10,984 | 21,602 | 1,397 |
| Commercial entities | 17,138 | 9,210 | 11,261 |
| Other | 856 | 908 | - |
| Total grants | 44,447 | 69,088 | 13,255 |

Settlement was due according to the terms and conditions of each grant within 30 days of performance eligibility.

4.3D: Other payables

| | | | |
|---|---------------|------------|---------------|
| Lease income received in advance | 9,817 | - | 11,347 |
| Classification income received in advance | 541 | - | 449 |
| Salaries and wages | 171 | 90 | - |
| Superannuation | 22 | 11 | - |
| Other | 162 | 320 | - |
| Total other payables | 10,713 | 421 | 11,796 |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.4 Administered – Other Provisions

4.4A: Concessional loan commitments

| | Commercial entities \$'000 | Local Government \$'000 | State & Territory Government \$'000 | Total \$'000 |
|---------------------------------|----------------------------------|-------------------------------|--|-----------------|
| As at 1 July 2019 | 12,312 | 1,492 | 1,273 | 15,077 |
| Reversal of commitments | - | (1,492) | - | (1,492) |
| Commitments paid | (12,428) | - | (1,291) | (13,719) |
| Unwinding | 116 | - | 18 | 134 |
| Total as at 30 June 2020 | - | - | - | - |

| | Asbestos \$'000 | Other provisions \$'000 | Phosphate Mine Rehabilitation \$'000 | Total \$'000 |
|---------------------------------|--------------------|-------------------------------|---|-----------------|
| 4.4B: Other provisions | | | | |
| As at 1 July 2019 | - | 87,702 | 3,272 | 90,974 |
| Additional provisions made | 156 | 21,185 | 1,235 | 22,576 |
| Amounts used | - | (35,377) | (1,887) | (37,264) |
| Total as at 30 June 2020 | 156 | 73,510 | 2,620 | 76,286 |

Accounting Policy

Concessional loan commitments

Concessional loan commitments represent the concessional cost of commitments to provide loan advances at a below-market interest rate. There were no outstanding concessional loan commitments as at 30 June 2020.

Other Provisions

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 and 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.

Accounting Judgements and Estimates

Concessional loan commitments

Concessional loan commitments are initially measured at their fair value, calculated as the present value of cash flows associated with loan advances committed, but not paid, discounted at the prevailing market interest rate.

The provision is subsequently measured at amortised cost and reduced for the concessional component of each advance as it is paid.

Provision for Phosphate Mine Rehabilitation

The provision for phosphate mine rehabilitation is equal to the balance of the Christmas Island Phosphate Mining Rehabilitation Special Account, adjusted for accrued payments and revenue at year end.

Other provisions

Amounts are provided for settlement of claims against the department where settlement is probable and the amount can be reliably estimated using professional judgement.

Amounts provided for Biodiversity offset credits are equivalent to the fair value of the associated financial asset.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, 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 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 | 243,932 | 90,563 | 334,495 | (325,683) | 8,812 |
| Capital Budget ⁴ | 3,810 | 1,819 | 5,629 | (10,920) | (5,291) |
| Total departmental | 247,742 | 92,382 | 340,124 | (336,603) | 3,521 |
| Administered | | | | | |
| Ordinary annual services | | | | | |
| Capital Budget ⁴ | 15,471 | - | 15,471 | (13,332) | 2,139 |
| Administered items | 2,555,449 | 119,878 | 2,675,327 | (2,072,972) | 602,355 |
| Payments to corporate Commonwealth entities | 183,924 | 414,835 | 598,759 | (598,759) | - |
| Other services | | | | | |
| States, ACT, NT and local government | 695,539 | - | 695,539 | (648,621) | 46,918 |
| Administered assets and liabilities | 3,040,962 | 1,470,974 | 4,511,936 | (3,862,570) | 649,366 |
| Payments to corporate Commonwealth entities | - | 3,171 | 3,171 | (3,171) | - |
| Total administered | 6,491,345 | 2,008,858 | 8,500,203 | (7,199,425) | 1,300,778 |

1. Annual appropriation amounts exclude amounts originally appropriated to DoCA (see table below).

2. Departmental adjustments comprise receipts retained under s74 of the PGPA Act of \$25.2 million and amounts transferred under s75 of the PGPA Act from DoCA. Administered adjustments include amounts transferred under s75 of the PGPA Act from DoCA, \$55.1 million transferred to the Department of Health for the Community Sports Infrastructure program and the transfer of responsibility for appropriations provided to corporate Commonwealth entities previously in the Communications and Arts portfolio.

3. Variances in annual administered appropriations mainly results from movements of funds for the timing of regional grant programs into future years. Variances 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 timing of equity payments to corporate entities.

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**

5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Department of Communications and the Arts Annual Appropriations for 31 January 2020

| | 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 | 125,586 | (62,520) | 63,066 | (73,520) | (10,454) |
| Capital Budget ⁴ | 3,533 | (1,819) | 1,714 | (2,030) | (316) |
| Total departmental | 129,119 | (64,339) | 64,780 | (75,550) | (10,770) |
| Administered | | | | | |
| Ordinary annual services | | | | | |
| Administered items | 458,498 | (172,986) | 285,512 | (302,098) | (16,586) |
| Capital Budget ⁴ | 1,602 | - | 1,602 | (1,602) | - |
| Payments to corporate Commonwealth entities | 1,805,888 | (414,835) | 1,391,053 | (1,391,053) | - |
| Other services | | | | | |
| Administered assets and liabilities | 2,979,885 | (1,470,974) | 1,508,911 | (3,091,828) | (1,582,917) |
| Payments to corporate Commonwealth entities | 39,453 | (3,171) | 36,282 | (36,282) | - |
| Total administered | 5,285,326 | (2,061,966) | 3,223,360 | (4,822,863) | (1,599,503) |

1. Annual appropriation amounts reflect amounts originally appropriated to DoCA.

2. Departmental adjustments reflect receipts retained under s74 of the PGPA Act of \$2.85 million and appropriations transferred to the renamed Department of Infrastructure, Transport, Regional Development and Communications under s75 of the PGPA Act.

3. Variances are mainly due to drawdowns from prior year administered assets and liabilities appropriations to make loan payments to NBN Co.

4. Departmental and Administered Capital Budgets were appropriated through Appropriation Act (No. 1). 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

5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Department of Infrastructure, Transport, Cities and Regional Development annual appropriations for 2018–19

| | Annual appropriation ¹ \$'000 | Adjustments to appropriation ² \$'000 | Total appropriation \$'000 | Appropriation applied in 2018–19 (current and prior years) \$'000 | Variance ³ \$'000 |
|---|---|---|-------------------------------|--|---------------------------------|
| Departmental | | | | | |
| Ordinary annual services | 210,029 | 23,400 | 233,429 | (239,593) | (6,164) |
| Capital Budget ⁴ | 7,966 | - | 7,966 | (11,924) | (3,958) |
| Total departmental | 217,995 | 23,400 | 241,395 | (251,517) | (10,122) |
| Administered | | | | | |
| Ordinary annual services | | | | | |
| Capital Budget ⁴ | 15,492 | - | 15,492 | (16,896) | (1,404) |
| Administered items | 1,798,570 | - | 1,798,570 | (1,234,839) | 563,731 |
| Payments to corporate Commonwealth entities | 136,531 | - | 136,531 | (136,531) | - |
| Other services | | | | | |
| States, ACT, NT and local government | 394,637 | 115,379 | 510,016 | (487,183) | 22,833 |
| Administered assets and liabilities | 2,146,967 | - | 2,146,967 | (1,509,405) | 637,562 |
| Total administered | 4,492,197 | 115,379 | 4,607,576 | (3,384,854) | 1,222,722 |

1. Administered appropriations for ordinary annual services of \$134.3 million were withheld (under s51 of the PGPA Act) mainly due to a movement of funds between years.

2. Departmental adjustments comprise receipts retained under s74 of the PGPA Act. Administered adjustments reflect additional appropriation provided from the advance to the Finance Minister.

3. The variance in Administered annual appropriations is mainly due to a movement of funds to future years for regional grant programs. The variance in administered assets and liabilities is mainly due to amounts appropriated for the National Water Infrastructure Loan Facility that were not paid in 2019–20. All payments are expected to be made in future years.

4. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1 and 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

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)

Department of Communications and the Arts annual appropriations for 2018–19

| | Annual appropriation ¹ \$'000 | Adjustments to appropriation ² \$'000 | Total appropriation \$'000 | Appropriation applied in 2018–19 (current and prior years) \$'000 | Variance ³ \$'000 |
|---|--|--|-------------------------------|---|---------------------------------|
| Departmental | | | | | |
| Ordinary annual services | 107,763 | 8,706 | 116,469 | (115,904) | 565 |
| Capital Budget ⁴ | 3,547 | - | 3,547 | (4,269) | (722) |
| Other services | | | | | |
| Equity injections | - | - | - | (150) | (150) |
| Total departmental | 111,310 | 8,706 | 120,016 | (120,323) | (307) |
| Administered | | | | | |
| Ordinary annual services | | | | | |
| Administered items | 417,246 | - | 417,246 | (404,472) | 12,774 |
| Capital Budget ⁴ | 1,608 | - | 1,608 | (1,608) | - |
| Payments to corporate Commonwealth entities | 1,788,930 | - | 1,788,930 | (1,788,930) | - |
| Other services | | | | | |
| Administered assets and liabilities | 5,055,869 | - | 5,055,869 | (7,170,499) | (2,114,630) |
| Payments to corporate Commonwealth entities | 55,240 | - | 55,240 | (55,240) | - |
| Total administered | 7,318,893 | - | 7,318,893 | (9,420,749) | (2,101,856) |

1. Departmental adjustments are PGPA Act Section 74 receipts.

2. Departmental variances relate to funds required to cover accruals and prior year funds expended in the current year. Administered variances relate to funds required to cover accruals, and the assets and liabilities variance relates to funding required by NBN Co in 2018–19 due to revised expenditure forecasts that reflect changes in the deployment profile and other payments.

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3 and 5). 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')

| | 2020 | DITCRD 2019 | DoCA 2019 |
|--|------------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 |
| Departmental | | | |
| Appropriation Act (No.1) 2016–17 | - | 17,310 | - |
| Appropriation Act (No.1) 2017–18 ^{1,2} | 20,334 | 91,551 | - |
| Appropriation Act (No.3) 2017–18 | - | 588 | - |
| Appropriation Act (No.1) 2018–19 | 10 | 40,596 | 15,453 |
| Appropriation Act (No.1) 2018–19 Departmental Capital Budget ³ | - | 5,153 | 454 |
| Appropriation Act (No.3) 2018–19 | - | 6,624 | 1,551 |
| Appropriation Act (No.1) 2018–19 Unspent Cash | - | 2,812 | 844 |
| 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 | - | - |
| Total departmental | 152,339 | 164,634 | 18,302 |
| Administered | | | |
| Supply Act (No.1) 2016–17 | - | 264 | - |
| Appropriation Act (No.1) 2016–17 | - | 282,319 | 4,172 |
| Appropriation Act (No.2) 2016–17 (Administered Assets and Liabilities) | - | 19,758 | - |
| Appropriation Act (No.3) 2016–17 | - | 22,938 | 928 |
| Appropriation Act (No.4) 2016–17 (Administered Assets and Liabilities) | - | 83,000 | - |
| Appropriation Act (No.1) 2017–18 ^{1,2} | 335,678 | 357,432 | 14,196 |
| Appropriation Act (No.3) 2017–18 ^{1,2} | 54,733 | 59,326 | 2,041 |
| Appropriation Act (No.2) 2017–18 (Administered Assets and Liabilities) ^{1,2} | 169,100 | 248,100 | - |
| Appropriation Act (No.1) 2018–19 ¹ | 158,015 | 670,128 | 44,031 |
| Appropriation Act (No.3) 2018–19 ¹ | 26,106 | 92,414 | 13,115 |
| Appropriation Act (No.2) 2018–19 (Administered Assets and Liabilities) ¹ | 389,646 | 773,156 | 1,582,916 |
| Appropriation Act (No.2) 2018–19 Advance to Finance Minister (Payments to States, ACT, NT and local government) ¹ | 30,547 | 30,547 | - |
| Appropriation Act (No.4) 2018–19 (Administered Assets and Liabilities) | - | 96,843 | - |
| Appropriation Act (No.1) 2019–20 — Administered Capital Budget ⁴ | 2,140 | - | - |
| Appropriation Act (No.1) 2019–20 | 947,378 | - | - |
| Supply Act (No.1) 2019–20 — Operating | 133,773 | - | - |
| Appropriation Act (No.3) 2019–20 | 60,909 | - | - |
| Appropriation Act (No.5) 2019–20 ¹ | 4,286 | - | - |
| Appropriation Act (No.2) 2019–20 — Administered Assets and Liabilities | 734,866 | - | - |
| Supply Act (No.2) 2019–20 — Administered Assets and Liabilities | 287,517 | - | - |
| Appropriation Act (No.4) — Administered Assets and Liabilities | 186,335 | - | - |
| Appropriation Act (No.4) — Payments to States, ACT, NT and local government | 46,918 | - | - |
| Appropriation (Coronavirus Economic Response Package) Act (No.1) 2019–20 — Operating | 131,608 | - | - |
| Total administered | 3,699,555 | 2,736,225 | 1,661,399 |

1. Includes amounts withheld under PGPA Act s51.

2. 2017–18 appropriations lapsed on 1 July 2020 in accordance with the provisions in the appropriation acts.

3. This item was appropriated as part of Appropriation Act (No.1) 2018–19.

4. This item was appropriated as part of Appropriation Act (No.1) 2019–20.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1B: Special Appropriations ('Recoverable GST exclusive')

| Authority | Type | Appropriation applied | |
|---|-------------------|-----------------------|------------------|
| | | 2020 \$'000 | 2019 \$'000 |
| Protection of the Sea (Oil Pollution Compensation Fund) Act 1993, section 40(4) | Unlimited amount | 308 | 303 |
| Australian Maritime Safety Authority Act 1990, section 48 | Unlimited amount | 125,710 | 123,860 |
| Aviation Fuel Revenues (Special Appropriation) Act 1988 | Unlimited amount | 103,131 | 122,149 |
| Sydney Airport Demand Management Act 1997, section 27(4) | Limited amount | - | - |
| Australian National Railways Commission Sale Act 1997, section 67AH(4) | Limited amount | - | - |
| Public Governance, Performance and Accountability Act 2013, section 77 | Refund provisions | 705 | 836 |
| Local Government (Financial Assistance) Act 1995, section 19 | Unlimited amount | 2,561,665 | 2,503,742 |
| Telstra Corporation Act 1991, section 8BA(3). | Unlimited amount | - | - |
| Classification (Publications, Films and Computer Games) Act 1995 | Unlimited amount | - | - |
| Assistance for Severely Affected Regions (Special Appropriation) (Coronavirus Economic Response Package) Act 2020 | Limited amount | 96,049 | - |
| Total special appropriations applied | | 2,887,568 | 2,750,890 |

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS
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5.2 Special Accounts

5.2A: Special Accounts ('Recoverable GST exclusive')

| | Interstate Road Transport Account ¹ | | Services to Other Entities and Trust Moneys ² | | Christmas Island Phosphate Mining Rehabilitation Special Account 2016 ³ | | Indian Ocean Territories Special Account ⁴ | | Jervis Bay Special Account ⁵ | |
|--|---|----------------|--|----------------|---|----------------|--|----------------|--|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Balance brought forward from previous period | - | - | 110 | 107 | 2,927 | 2,831 | 1,028 | 8,547 | 157 | 516 |
| Increases | | | | | | | | | | |
| Departmental | | | | | | | | | | |
| Other receipts | - | - | 12 | 3 | - | - | - | - | - | - |
| Total departmental | - | - | 12 | 3 | - | - | - | - | - | - |
| Administered | | | | | | | | | | |
| Other receipts | - | 6,586 | - | - | 992 | 1,363 | 17,551 | 17,933 | 1,478 | 1,094 |
| Total Administered | - | 6,586 | - | - | 992 | 1,363 | 17,551 | 17,933 | 1,478 | 1,094 |
| Total increases | - | 6,586 | 12 | 3 | 992 | 1,363 | 17,551 | 17,933 | 1,478 | 1,094 |
| Available for payments | - | 6,586 | 122 | 110 | 3,919 | 4,194 | 18,579 | 26,480 | 1,635 | 1,610 |
| Decreases | | | | | | | | | | |
| Departmental | | | | | | | | | | |
| Payments made to suppliers | - | - | (14) | - | - | - | - | - | - | - |
| Total Departmental | - | - | (14) | - | - | - | - | - | - | - |
| Administered | | | | | | | | | | |
| Payments made to suppliers | - | (6,586) | - | - | (1,542) | (1,267) | (11,993) | (25,452) | (1,299) | (1,453) |
| Total Administered | - | (6,586) | - | - | (1,542) | (1,267) | (11,993) | (25,452) | (1,299) | (1,453) |
| Total decreases | - | (6,586) | (14) | - | (1,542) | (1,267) | (11,993) | (25,452) | (1,299) | (1,453) |
| Total balance carried to the next period | - | - | 108 | 110 | 2,377 | 2,927 | 6,586 | 1,028 | 336 | 157 |
| Balance represented by | | | | | | | | | | |
| Cash held in bank account | - | - | 108 | 110 | - | - | - | - | - | - |
| Cash held in the Official Public Account | - | - | - | - | 2,377 | 2,927 | 6,586 | 1,028 | 336 | 157 |
| Total balance carried to the next period | - | - | 108 | 110 | 2,377 | 2,927 | 6,586 | 1,028 | 336 | 157 |

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5.2A: Special Accounts ('Recoverable GST exclusive')

| | Melbourne Airport New Runway Land Acquisition Special Account⁶ | | Art Rental Special Account 2016⁷ | | Public Interest Telecommunications Special Account⁸ | | Cultural Special Account⁹ | | Indigenous Repatriation Special Account 2016¹⁰ | | National Cultural Heritage Special Account¹¹ | |
|---|--|----------------|--|----------------|---|----------------|---|----------------|--|----------------|--|----------------|
| | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 |
| Balance brought forward from previous period | 116 | 18 | 1,185 | 725 | 68 | 44 | 734 | 380 | 2,589 | 2,589 | 30 | 3 |
| Increases | | | | | | | | | | | | |
| Departmental | | | | | | | | | | | | |
| Appropriation credited to special account | - | - | - | - | 4,046 | 4,046 | - | 167 | - | 660 | - | - |
| Other receipts | - | - | 2,901 | 5,552 | - | - | 501 | 543 | 844 | 782 | - | - |
| Total departmental | - | - | 2,901 | 5,552 | 4,046 | 4,046 | 501 | 710 | 844 | 1,442 | - | - |
| Administered | | | | | | | | | | | | |
| Contribution received | - | - | - | - | 363 | 856 | - | - | - | - | 470 | 497 |
| Telecommunication Industry Levy receipts | - | - | - | - | 261,863 | 253,887 | - | - | - | - | - | - |
| Appropriation credited to special account | - | - | - | - | 95,954 | 95,954 | - | - | - | - | - | - |
| Other receipts | 32 | 318 | - | - | - | - | - | - | - | - | - | - |
| Total Administered | 32 | 318 | - | - | 358,180 | 350,697 | - | - | - | - | 470 | 497 |
| Total increases | 32 | 318 | 2,901 | 5,552 | 362,226 | 354,743 | 501 | 710 | 844 | 1,442 | 470 | 497 |
| Available for payments | 148 | 336 | 4,086 | 6,277 | 362,294 | 354,787 | 1,235 | 1,090 | 3,673 | 4,031 | 500 | 500 |
| Decreases | | | | | | | | | | | | |
| Departmental | | | | | | | | | | | | |
| Payments made to suppliers | - | - | (2,025) | (5,092) | (3,683) | (3,190) | (328) | (356) | (1,081) | (1,202) | - | - |
| Contribution made | - | - | - | - | (363) | (856) | - | - | - | - | - | - |
| Total Departmental | - | - | (2,025) | (5,092) | (4,046) | (4,046) | (328) | (356) | (1,081) | (1,202) | - | - |
| Administered | | | | | | | | | | | | |
| Payments made to suppliers | (100) | (220) | - | - | (340,455) | (350,673) | - | - | - | - | (500) | (470) |
| Total Administered | (100) | (220) | - | - | (340,455) | (350,673) | - | - | - | - | (500) | (470) |
| Total decreases | (100) | (220) | (2,025) | (5,092) | (344,501) | (354,719) | (328) | (356) | (1,081) | (1,202) | (500) | (470) |
| Total balance carried to the next period | 48 | 116 | 2,061 | 1,185 | 17,793 | 68 | 907 | 734 | 2,591 | 2,829 | - | 30 |
| Balance represented by | | | | | | | | | | | | |
| Cash held in bank account | - | - | 52 | 300 | - | - | - | - | - | - | - | - |
| Cash held in the Official Public Account | 48 | 116 | 2,009 | 885 | 17,793 | 68 | 907 | 734 | 2,591 | 2,829 | - | 30 |
| Total balance carried to the next period | 48 | 116 | 2,061 | 1,185 | 17,793 | 68 | 907 | 734 | 2,591 | 2,829 | - | 30 |

1. Appropriation: PGPA Act, section 80. Establishing instrument: Interstate Road Transport Act 1985 (IRT Act), section 21. Purpose: To provide for payments to the states and territories for maintenance and upkeep of roads from registration charges received from vehicles engaged in interstate trade and commerce. Amendments to the IRT Act repealed the special account on 20 October 2019.
2. Appropriation: PGPA Act, 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.
3. Appropriation: PGPA Act, 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.
4. Appropriation: PGPA Act, 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.

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5. Appropriation: PGPA Act, 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.
6. Appropriation: PGPA Act, 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.
7. Appropriation: PGPA Act, 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.
8. Appropriation: PGPA Act, 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.
9. Appropriation: PGPA Act, 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.
10. Appropriation: PGPA Act, 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.
11. Appropriation: PGPA Act, 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.

During 2019–20, the Regional Broadband Scheme Special Account was established under the *Telecommunications (Consumer Protection and Services Standards) Act 1999* and is appropriated in accordance with section 80 of the PGPA Act. The purpose of this special account is 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 2019–20 financial year.

The table above does not include the BAF Infrastructure Portfolio Special Account or the BAF Communications Portfolio Special Account which had nil balances and no transactions in the 2018–19 or 2019–20 financial years. The special accounts were appropriated under section 78 of the PGPA Act and established under the *Nation-building Funds Act 2008*. The special accounts were repealed on 1 September 2019 under the *Future Drought (Consequential Amendments) Act 2019*.

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5.3 Regulatory Charging Summary

| | 2020 | DITCRD 2019 | DoCA 2019 |
|---|----------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Amounts applied | | | |
| Departmental | | | |
| Annual appropriations | 14,736 | 14,615 | 6,223 |
| Own source revenue | 6 | - | 32 |
| Administered | | | |
| Special appropriations (including special accounts) | 125,710 | 123,860 | - |
| Total amounts applied | 140,452 | 138,475 | 6,255 |
| Expenses | | | |
| Departmental | 14,763 | 14,693 | 6,255 |
| Administered | 128,169 | 125,085 | - |
| Total expenses | 142,932 | 139,778 | 6,255 |
| External Revenue | | | |
| Departmental | 6 | - | 32 |
| Administered | 140,978 | 136,677 | 3,628 |
| Total external revenue | 140,984 | 136,677 | 3,660 |
| Amounts written off | | | |
| Departmental | - | - | - |
| Administered | - | - | - |
| Total amounts written off | - | - | - |

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, and
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/departments/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/departments/cost-recovery-implementation-statements/files/2005-CRIS-Noise-amelioration.pdf>

Documentation (Cost Recovery Impact Statement) for Vehicle Safety Standards is available at:
<https://www.infrastructure.gov.au/departments/cost-recovery-implementation-statements/files/2005-CRIS-Vehicle-Safety-Standards.pdf>

This Cost Recovery Impact Statement will be replaced by the Cost Recovery Impact Statement - Road Vehicles Standard 2020-21, to commence on a date fixed by Proclamation or by 1 July 2021 if not fixed before this date. The documentation (Cost Recovery Impact Statement) for Road Vehicle Standards is available at:
<https://www.infrastructure.gov.au/departments/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-2018-19>

Documentation (Cost Recovery Impact Statement) for Classification Fees is available at:
<https://www.classification.gov.au/about-us/corporate-reporting/cost-recovery>

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| 5.4 Net Cash Appropriation Arrangements | | | |
|---|-----------------|----------|---------|
| | 2020 | DITCRD | DoCA |
| | \$'000 | 2019 | 2019 |
| | | \$'000 | \$'000 |
| Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹ | (15,949) | (8,797) | 16 |
| Less: depreciation/amortisation expenses previously funded through revenue appropriation | (12,455) | (6,843) | (5,227) |
| Less: depreciation right-of-use assets | (22,018) | - | - |
| Plus: principal repayments — leased assets | 20,763 | - | - |
| Total comprehensive income/(loss) — as per the Statement of Comprehensive Income | (29,659) | (15,640) | (5,211) |

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Amounts are disclosed for depreciation of right-of-use 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.

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6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1 Employee provisions

| | 2020 | DITCRD 2019 | DoCA 2019 |
|----------------------------------|---------------|----------------|---------------|
| | \$'000 | \$'000 | \$'000 |
| 6.1A: Employee provisions | | | |
| Leave | 72,510 | 43,043 | 25,975 |
| Separations and redundancies | - | - | 316 |
| Total employee provisions | 72,510 | 43,043 | 26,291 |

6.1B: Administered employee provisions

| | | | |
|----------------------------------|--------------|--------------|----------|
| Leave | 4,040 | 3,913 | - |
| Total employee provisions | 4,040 | 3,913 | - |

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 prepared an assessment and received advice from the AGA to confirm these factors remained appropriate as at 30 June 2020.

Employee provisions reported by DoCA at 30 June 2019 were calculated using the short-hand method as outlined in the FRR. These factors were revised during 2019-20 to be consistent with the departmental specific factors determined by the AGA, with any differences adjusted to leave expenses as a change in accounting estimate. The differences were not material.

The measurement of employee provisions may be affected by changes in leave trends due to the impact of COVID-19. The department's preliminary assessment is that the impact would not have a material impact on the balance reported at 30 June 2020.

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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.

KMP comprised the Secretary and Deputy Secretaries. KMP for DoCA comprised the Secretary, Deputy Secretaries and Chief Operating Officer up to 31 January 2020.

KMP remuneration is reported in the table below:

| | 2020 ⁴ | DITCRD 2019 | DoCA 2019 |
|---|-------------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Short-term employee benefits | 3,434 | 1,678 | 1,688 |
| Post-employment benefits | 544 | 277 | 260 |
| Other long-term employee benefits | 182 | 67 | 38 |
| Termination benefits | 1,051 | - | - |
| Total key management personnel remuneration expenses² | 5,211 | 2,022 | 1,986 |

The total number of KMP included in the above table are 14 (2019: DITCRD 5 and DoCA 6).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 seven KMP positions at 30 June 2020 (2019: DITCRD 4 and DoCA 4). The total number of KMP above includes employees occupying KMP positions for part of the year.
4. Remuneration and the number of KMP includes KMP of the department, and DoCA up to 31 January 2020. KMP remuneration for DoCA is also disclosed in the table below.

Department of Communications and the Arts as at 31 January 2020

| | 2020 | 2019 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Short-term employee benefits | 965 | 1,688 |
| Post-employment benefits | 162 | 260 |
| Other long-term employee benefits | 54 | 38 |
| Termination benefits | 1,051 | - |
| Total key management personnel remuneration expenses¹ | 2,232 | 1,986 |

DoCA determined KMP to be permanent members of the Secretary's Business Meeting up until 31 January 2020. The total number of KMP included in the above table are six (2019: six).²

1. Remuneration is reported on an accrual basis and excludes short-term acting arrangements.
2. DoCA had four KMP positions in 2019-20 (2019: four). The total number of KMP above includes employees occupying KMP positions for part of the year.

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6.3 Related Party Disclosures

Related party relationships:

The department is an Australian Government controlled entity. Related parties to the department are KMP (see Note 6.2 above), other Australian Government entities and the Norfolk Island Health and Residential Aged Care Service (see Note 4.1D).

Transactions with related parties:

The following transactions with related parties occurred during the financial year and are considered to be significant due to their size and/or nature:

| Transaction | Related party | Note | 2020 \$'000 | 2019 \$'000 |
|---|---|------|----------------|----------------|
| Grants administration | Department of Industry, Science, Energy and Resources | 1.1B | 10,194 | 13,082 |
| Grants | National Capital Authority | 1.1C | - | 500 |
| | Australian Transport Safety Bureau | 1.1C | - | 680 |
| | Australian National Maritime Museum | 1.1C | 476 | 386 |
| | Bundanon Trust | 1.1C | 976 | - |
| | National Film and Sound Archive | 1.1C | 1,760 | 521 |
| | National Gallery of Australia | 1.1C | 1,822 | - |
| | National Museum of Australia | 1.1C | 2,215 | 113 |
| | National Portrait Gallery of Australia | 1.1C | 294 | 250 |
| | Old Parliament House | 1.1C | 4,547 | - |
| Revenue for airport site preparatory activities | WSA Co Ltd | | 99,600 | 99,600 |
| Fair value of leases ¹ | WSA Co Ltd | 2.1F | - | 850 |
| Equity payments | Moorebank Intermodal Company Ltd | 4.1D | 71,552 | 174,733 |
| | Australian Rail Track Corporation Ltd | 4.1D | 425,732 | 290,705 |
| | WSA Co Ltd | 4.1D | 405,528 | 318,307 |
| | Australian National Maritime Museum | 4.1D | 3,153 | 7,821 |
| | National Gallery of Australia | 4.1D | 21,900 | 28,869 |
| | National Library of Australia | 4.1D | 9,512 | 9,514 |
| | Old Parliament House | 4.1D | 1,509 | 3,422 |
| | National Portrait Gallery of Australia | 4.1D | 192 | 191 |
| | National Museum of Australia | 4.1D | 1,913 | 1,912 |
| | National Film & Sound Archive of Aust. | 4.1D | 1,274 | 3,511 |
| Service Delivery Agreement | Norfolk Island Health and Residential Aged Care Service | 2.1B | 11,367 | 11,839 |
| NBN Co Limited | NBN Co Ltd – Loan advances | 4.1B | 6,405,000 | 7,522,000 |

1. Land was leased to WSA Co Ltd for no consideration.

The department enters into other transactions with Australian Government entities in the normal course of business that are not considered to be significant. Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

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7. Managing uncertainties

This section analyses how the department manages financial risks within its operating environment.

7.1 Contingent Assets and Liabilities

7.1A: Contingent Assets and Liabilities

| | Claims for damages or costs | | Total | |
|--|-----------------------------|--------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Contingent assets | | | | |
| Balance from previous period | 49 | - | 49 | - |
| New contingent assets recognised | - | 49 | - | 49 |
| Re-measurement | (21) | - | (21) | - |
| Assets realised | (28) | - | (28) | - |
| Total contingent assets | - | 49 | - | 49 |
| Net contingent assets/(liabilities) | - | 49 | - | 49 |

Unquantifiable Contingencies

Legal matters

The department, on behalf of the Commonwealth, is party to several matters before the Federal Court of Australia. Costs may be awarded to or against the Commonwealth for these matters, subject to the Court's decisions. The potential costs or gains cannot be reliably estimated.

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. As at 30 June 2020, no claims have been made (2019: nil). Banking arrangements for DoCA were transitioned to the Reserve Bank of Australia from 1 July 2020.

7.1B: Administered - Contingent Assets and Liabilities

| | Claims for damages or costs | | Total | |
|--|-----------------------------|----------|--------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Contingent assets | | | | |
| Balance from previous period | 1,239 | 510 | 1,239 | 510 |
| New contingent assets recognised | - | 623 | - | 623 |
| Re-measurement | (244) | 259 | (244) | 259 |
| Assets realised | (995) | (153) | (995) | (153) |
| Total contingent assets | - | 1,239 | - | 1,239 |
| Contingent liabilities | | | | |
| Balance from previous period | - | 12,488 | - | 12,488 |
| Re-measurement | - | (12,488) | - | (12,488) |
| Total contingent liabilities | - | - | - | - |
| Net contingent assets/(liabilities) | - | 1,239 | - | 1,239 |

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. The department determined it was not cost effective to obtain estimates of remediation due to uncertainties around the timing of future cash outflows if conditions change and the remoteness of the locations.

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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 *2019-20 Mid-year Economic and Fiscal Outlook*. 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 2020.

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
- (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.

NBN Co Limited (NBN Co)

The Australian Government has provided Directors of NBN Co with an indemnity against liability should the Government fail to meet its funding obligations to NBN Co. The liabilities covered by this indemnity would be no greater than those covered by the NBN Co Equity Funding Agreement, with the exception of any legal expenses incurred by individual Directors arising from this indemnity.

The Australian Government has entered into an Equity Funding Agreement with NBN Co Limited (NBN Co). Whilst this agreement ended in June 2019, the Commonwealth retains obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 30 June 2020, NBN Co's termination liabilities were estimated at \$18 billion.

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 areas. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Optus Agreement. As at 30 June 2020, NBN Co had generated liabilities covered by the Optus Agreement which are estimated at an amount less than \$220.0 million. There is a low risk that a claim would be made under the Guarantee. The Guarantee will terminate in 2021.

Telstra Financial Guarantee

The Australian Government has provided to 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

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due under the Definitive Agreements. As at 30 June 2020, NBN Co had generated liabilities covered by the Guarantee estimated at \$10.8 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 — federally leased airports

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 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's historic provision of fire-fighting services. Airservices Australia (Airservices) is implementing a national PFAS management program, which includes PFAS investigations at 20 airport sites. The costs of potential long-term management options cannot be quantified at this time.

For federally leased airports, airport lessee companies are responsible for environmental management of their airport sites. Airport leases indemnify the Commonwealth in relation to damages or injury to the environment. Liability has not yet been established for costs arising from PFAS contamination against the department.

The Department of Defence, on behalf of the Commonwealth, recently agreed to a settlement of \$212 million for three class actions over the use of historical PFAS-containing firefighting foam at Williamstown, Oakey and Katherine (Tindal). This settlement was subject to Court approval as at 30 June 2020. Brisbane Airport Corporation has commenced legal proceedings in the Queensland Supreme Court against Airservices in relation to legacy PFAS contamination from Airservices' firefighting activities at the airport. The legal firm involved have also announced their intentions to proceed with another action including Darwin and Townsville, joint civil/military airports. 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 (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.

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Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position or Administered Schedule of Assets and Liabilities but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Accounting Judgements and Estimates

Indemnities and/or guarantees

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe that the indemnities and/or guarantees would be called upon, and no recognition of any liability was therefore required.

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7.2 Financial Instruments

| | 2020 \$'000 | DITCRD 2019 \$'000 | DoCA 2019 \$'000 |
|---|----------------|--------------------------|------------------------|
| 7.2A: Categories of financial instruments | | | |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | 10,279 | 2,812 | 5,592 |
| Contract assets | 2,082 | 1,371 | 834 |
| Accrued revenue | 1,017 | 1,585 | - |
| Other receivables | 20 | 125 | 515 |
| Total financial assets at amortised cost | 13,398 | 5,893 | 6,941 |
| Total financial assets | 13,398 | 5,893 | 6,941 |
| Financial liabilities | | | |
| Financial liabilities measured at amortised cost | | | |
| Trade creditors | 4,799 | 858 | - |
| Accrued expenses | 27,455 | 15,762 | 3,724 |
| Other payables | - | - | 2,214 |
| Total financial liabilities measured at amortised cost | 32,254 | 16,620 | 5,938 |
| Total financial liabilities | 32,254 | 16,620 | 5,938 |

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 | 411 | - | (7) |
| Net gains/(losses) on financial assets at amortised cost | 411 | - | (7) |
| Net gains/(losses) on financial assets | 411 | - | (7) |

There was no income or expense associated with financial liabilities during the financial year.

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.

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Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased or remains low.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as 'financial liabilities at amortised cost'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at amortised cost

Financial liabilities, including borrowings and concessional loan commitments, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

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| 7.3 Administered — Financial Instruments | | | |
|---|-------------------|------------------|--------------------|
| | 2020 | DITCRD 2019 | DoCA 2019 |
| | \$'000 | \$'000 | \$'000 |
| 7.3A: Categories of financial instruments | | | |
| Financial assets at amortised cost | | | |
| Cash and cash equivalents | 13 | 7 | 98 |
| Concessional loans | 2,048,233 | 2,771,023 | 29,619 |
| Loan to NBN Co Limited | 19,456,528 | - | 13,053,335 |
| Contract assets | 1,786 | 2,490 | - |
| Grants receivable | 39 | - | 264 |
| Accrued revenue | 2,922 | 2,248 | - |
| Total financial assets at amortised cost | 21,509,521 | 2,775,768 | 13,083,316 |
| Financial assets at fair value through other comprehensive income | | | |
| Investments | 31,790,857 | 5,099,211 | 21,672,171 |
| Total financial assets at fair value through other comprehensive income | 31,790,857 | 5,099,211 | 21,672,171 |
| Total financial assets | 53,300,378 | 7,874,979 | 34,755,487 |
| Financial Liabilities | | | |
| Financial liabilities measured at amortised cost | | | |
| Trade creditors and accruals | 347,321 | 20,806 | 330,215 |
| Subsidies payable | 58,608 | 11,248 | - |
| Grants payable | 44,447 | 69,088 | 13,255 |
| Concessional loan commitments | - | 15,077 | - |
| Total financial liabilities measured at amortised cost | 450,376 | 116,219 | 343,470 |
| Total financial liabilities | 450,376 | 116,219 | 343,470 |
| 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 | 628,970 | - | 351,835 |
| Concessional loans | 106,632 | 105,051 | 1,539 |
| Concessional loan gains/(losses) | 13,244 | (4,943) | |
| Impairment | (1,485) | (592) | (241) |
| Net gains/(losses) on financial assets at amortised cost | 747,361 | 99,516 | 353,133 |
| Financial assets at fair value through other comprehensive income | | | |
| Dividend revenue | 49,675 | 78,112 | 42,205 |
| Gains/(losses) recognised in other comprehensive income | 4,295,354 | (1,064,981) | (4,831,145) |
| Net gains/(losses) on financial assets at fair value through other comprehensive income | 4,345,029 | (986,869) | (4,788,940) |
| Net gains/(losses) on financial assets | 5,092,390 | (887,353) | (4,435,807) |

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| 7.3C: Fair value of financial instruments | | | | |
|--|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| | Carrying amount 2020 \$'000 | Fair value 2020 \$'000 | Carrying amount 2019 \$'000 | Fair value 2019 \$'000 |
| Financial Assets | | | | |
| Cash and cash equivalents | 13 | 13 | 105 | 105 |
| Concessional loans | 2,048,233 | 2,048,233 | 2,800,642 | 2,801,318 |
| Loan to NBN Co Ltd | 19,456,528 | 19,456,528 | 13,051,735 | 13,051,735 |
| Contract asset receivable | 1,786 | 1,786 | 2,490 | 2,490 |
| Grants receivable | 39 | 39 | 264 | - |
| Accrued revenue | 2,922 | 2,922 | 2,248 | 2,248 |
| Investments | 31,790,857 | 31,790,857 | 26,771,382 | 26,771,382 |
| Total financial assets | 53,300,378 | 53,300,378 | 42,628,866 | 42,629,278 |
| Financial Liabilities | | | | |
| Trade creditors and accruals | 347,321 | 347,321 | 351,021 | 351,021 |
| Subsidies payable | 58,608 | 58,608 | 11,248 | 11,248 |
| Grants payable | 44,447 | 44,447 | 82,343 | 82,343 |
| Concessional loan commitments | - | - | 15,077 | 15,077 |
| Total financial liabilities | 450,376 | 450,376 | 459,689 | 459,689 |

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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, other receivables and shares in government controlled and 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 publicly 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 2020

| | On demand \$'000 | Within 1 year \$'000 | Between 1 to 2 years \$'000 | Between 2 to 5 years \$'000 | More than 5 years \$'000 | Total \$'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 |

Maturities for non-derivative financial liabilities in 2019

| | On demand \$'000 | Within 1 year \$'000 | Between 1 to 2 years \$'000 | Between 2 to 5 years \$'000 | More than 5 years \$'000 | Total \$'000 |
|------------------------------|---------------------|-------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------|
| Trade creditors and accruals | - | 351,021 | - | - | - | 351,021 |
| Subsidies payable | - | 11,248 | - | - | - | 11,248 |
| Grants payable | - | 82,343 | - | - | - | 82,343 |
| Loans | - | 15,077 | - | - | - | 15,077 |
| Total | - | 459,689 | - | - | - | 459,689 |

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7.3F: Market risk

The department held basic financial instruments that did not expose the department to certain market risks such as 'currency risk' or 'other price risk'.

Interest rate risk

The department is exposed to interest rate risk primarily from administered investments that are valued using the discounted cash flow method. The only interest-bearing items on the statement of financial position were 'loans to State and Territory Governments'. All of these loans bear interest at a fixed interest rate and their values did not fluctuate due to changes in the market interest rate.

Sensitivity analysis of the risk that the department is exposed to for 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 |

Sensitivity analysis of the risk that the department was exposed to for 2019

| | Risk Variable | Change in risk variable | Effect on | |
|--|---------------|-------------------------|----------------------|-----------|
| | | | Net cost of services | Equity |
| | | % | \$'000 | \$'000 |
| Administered investments using discounted cash flows | Discount rate | (+0.2%) | - | (209,580) |
| Administered investments using discounted cash flows | Discount rate | (-0.2%) | - | 217,233 |

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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 |
|---|--|-------------------|----------------------------------|---|
| | 2020 | 2019 | | |
| | \$'000 | \$'000 | | |
| Financial assets | | | | |
| Biodiversity offset credits at fair value through profit and loss | 71,710 | 86,702 | 2 | Market value of equivalent ecosystem or species credits. |
| Investments accounted for using the net assets method | 12,161,857 | 11,739,674 | 3 | Net assets of entities at balance date, proportionate of the Australian Government's interest. |
| Investment in NBN Co Limited | 13,768,000 | 8,682,301 | 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. (2019: Net asset position adjusted for fair value of assets and the discounting of leave and superannuation liabilities adjusted by applying the Government bond rate). |
| Other Investments accounted for using the discounted cash flow method | 5,861,000 | 6,349,407 | 3 | Present value of future net cash flows discounted at the weighted average cost of capital. |
| Total financial assets | 31,862,567 | 26,858,084 | | |
| Non-financial assets | | | | |
| Land | 52,110 | 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 | 41,138 | 46,648 | 2 | Market value of similar assets as determined by an independent qualified valuer. |
| Buildings | 105,951 | 168,808 | 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 | 43,055 | 43,055 | 2 | Market value of similar assets as determined by an independent qualified valuer. |
| Heritage and Cultural | 96,067 | 41,326 | 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

| | | | |
|-------------------------------------|-------------------|------------|--|
| Other property, plant and equipment | 634 | 856 | 2 Market value of similar assets as determined by an independent qualified valuer. |
| Other property, plant and equipment | 471,641 | 500,395 | 3 Current replacement cost as determined by an independent qualified valuer. |
| Intangibles - Phosphate mine lease | 6,998 | 6,998 | 3 Present value of future royalty cash flows as determined by an independent qualified valuer. |
| Total non-financial assets | 885,070 | 927,672 | |
| Total assets | 32,747,637 | 27,785,756 | |

**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 | | | | Intangibles - | | | |
| | 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 | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July | 20,421,975 | 24,641,725 | 6,349,407 | 7,186,799 | 31,880 | 33,993 | 168,808 | 143,039 | 41,326 | 41,291 | 500,395 | 482,533 |
| Total gains/(losses) recognised in net cost of services ¹ | - | - | - | - | - | (940) | (7,669) | (5,741) | (2,431) | - | (43,469) | (34,994) |
| Total gains/(losses) recognised in other comprehensive income ² | (76,205) | (4,768,029) | 4,371,560 | (1,128,097) | - | (592) | - | 25,697 | - | 35 | 39,083 | 4,500 |
| Purchases | 616,133 | 548,280 | 425,732 | 290,705 | - | - | 2,791 | 5,741 | 1,602 | - | 12,306 | 13,663 |
| Change in valuation method ³ | (8,682,301) | - | 8,682,301 | - | - | - | - | - | - | - | - | - |
| Transfers into Level 3 | - | - | - | - | - | - | - | 72 | - | - | - | 110 |
| Transfers out of Level 3 | - | - | - | - | - | (581) | - | - | - | - | - | - |
| Returns to the Consolidated Revenue Fund | - | - | (200,000) | - | - | - | - | - | - | - | - | - |
| Other ⁴ | (117,746) | (1) | - | - | - | - | (57,979) | - | 55,570 | - | 2,409 | - |
| Total as at 30 June | 12,161,856 | 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 |
| Changes in unrealised gains/(losses) recognised in net cost of services for | (8,260,119) | (4,219,750) | 13,279,593 | (837,392) | - | (2,113) | (62,857) | 25,769 | 54,741 | 35 | (28,754) | 17,862 |
| | | | | | | | | | | | | 3,250 |

1. These gains and losses are presented in the Schedule of Comprehensive Income under depreciation and amortisation expenses and write-down and impairment of other assets.

2. These gains and losses are presented in the Schedule of Comprehensive Income under Changes in asset revaluation surplus.

3. Includes changes in valuation methodology for the Australian Government's investment in NBN Co (refer Note 4.1D).

4. Includes transfer of 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 (\$117.7 million), and reclassification of the National Institute of Dramatic Arts building as Heritage and Cultural asset (\$55.6 million).

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

8. Other information

8.1 Aggregate assets and liabilities

| | 2020 | DITCRD 2019 | DoCA 2019 |
|---|----------------|----------------|---------------|
| | \$'000 | \$'000 | \$'000 |
| 8.1A: Aggregate assets and liabilities | | | |
| Assets expected to be recovered in: | | | |
| No more than 12 months | 148,432 | 138,074 | 27,656 |
| More than 12 months | 247,928 | 39,113 | 65,381 |
| Total assets | 396,360 | 177,187 | 93,037 |
| Liabilities expected to be settled in: | | | |
| No more than 12 months | 75,554 | 29,627 | 16,968 |
| More than 12 months | 170,399 | 36,050 | 22,712 |
| Total liabilities | 245,953 | 65,677 | 39,680 |

8.1B: Administered — aggregate assets and liabilities

| | | | |
|---|-------------------|------------------|-------------------|
| Assets expected to be recovered in: | | | |
| No more than 12 months | 166,221 | 178,380 | 51,035 |
| More than 12 months | 54,177,006 | 8,553,683 | 34,927,010 |
| Total assets | 54,343,227 | 8,732,063 | 34,978,045 |
| Liabilities expected to be settled in: | | | |
| No more than 12 months | 531,684 | 208,646 | 346,503 |
| More than 12 months | 9,731 | 2,881 | 8,763 |
| Total liabilities | 541,415 | 211,527 | 355,266 |

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.

| | 2020 | DITCRD 2019 | DoCA 2019 |
|--|------------|----------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Services to other entities and trust moneys — Department of Infrastructure, Regional Development and Cities | | | |
| As at 1 July | 110 | 107 | - |
| Receipts | 12 | 3 | - |
| Payments | (14) | - | - |
| Total as at 30 June | 108 | 110 | - |
| Total assets held in trust | 108 | 110 | - |

The department had no non-monetary assets held in trust as at 30 June 2020 (2019: 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

| | 2020 |
|--|---|
| | Communications and Arts policy Department of Communications and the Arts ¹ |
| | \$'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 | |
| Lease liabilities | 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 |

The department changed its name from the Department of Infrastructure, Transport, Cities and Regional Development to the Department of Infrastructure, Transport, Regional Development and Communications following amendments to the Administrative Arrangements Order on 1 February 2020.

1. Communications and arts policy functions were assumed from DoCA following an announcement by the Prime Minister on 5 December 2019.

The net assets recognised have not been reflected as a restructuring adjustment as the financial statements have been prepared for both entities for the full year financial year. Total income and expenses assumed were recognised by DoCA for the period 1 July 2019 to 31 January 2020 and are 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

| | 2020 | 2020 |
|-------------------------------------|--|--|
| | Communications and Arts policy | |
| | Department of Communications and the Arts ¹ | Old Parliament House Department of the Prime Minister and Cabinet ² |
| | \$'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 | | |
| Other investments | | |
| 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 |

1. Communications and arts policy functions were assumed from DoCA following an announcement by the Prime Minister on 5 December 2019.

The net assets recognised have not been reflected as a restructuring adjustment as the financial statements have been prepared for both entities for the full year financial year. Total income and expenses assumed were recognised by DoCA for the period 1 July 2019 to 31 January 2020 and are consolidated in the department's 2019-20 results.

2. 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.

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.4 Departmental — Budgetary reports and explanations of major variances

Statement of Comprehensive Income

for the period ended 30 June 2020

| | Actual | Budget estimate | | Variance |
|---|-----------------|-----------------|----------------|-----------------|
| | | Original | Original | |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 205,780 | 126,601 | 72,787 | 6,392 |
| Suppliers | 121,191 | 86,699 | 44,091 | (9,599) |
| Grants and contributions | 46,452 | 34 | 11,504 | 34,914 |
| Depreciation and amortisation | 34,473 | 9,394 | 4,685 | 20,394 |
| Finance costs | 1,502 | - | 66 | 1,436 |
| Impairment loss on financial instruments | 411 | - | - | 411 |
| Write-down and impairment of other assets | 1,376 | - | - | 1,376 |
| Total expenses | 411,185 | 222,728 | 133,133 | 55,324 |
| Own-source income | | | | |
| Own-source revenue | | | | |
| Revenue from contracts with customers | 4,771 | 5 | 3,595 | 1,171 |
| Rental income | 6,879 | - | 1,954 | 4,925 |
| Other revenue | 2,644 | 5,435 | 1,209 | (4,000) |
| Total own source revenue | 14,294 | 5,440 | 6,758 | 2,096 |
| Gains | | | | |
| Other gains | 1,298 | 182 | 415 | 701 |
| Total gains | 1,298 | 182 | 415 | 701 |
| Total own-source income | 15,592 | 5,622 | 7,173 | 2,797 |
| Net cost of services | 395,593 | 217,106 | 125,960 | 52,527 |
| Revenue from Government | 364,610 | 207,743 | 121,275 | 35,592 |
| Surplus (deficit) on continuing operations | (30,983) | (9,363) | (4,685) | (16,935) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | |
| Changes in asset revaluation surplus | 1,324 | - | - | 1,324 |
| Total other comprehensive income | 1,324 | - | - | 1,324 |
| Total comprehensive income (loss) | (29,659) | (9,363) | (4,685) | (15,611) |

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

Statement of Financial Position

as at 30 June 2020

| | Actual | Budget estimate | | Variance |
|---|----------------|-----------------|---------------|-----------------|
| | | Original | Original | |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Financial Assets | | | | |
| Cash and cash equivalents | 10,279 | 3,012 | 4,666 | 2,601 |
| Trade and other receivables | 132,927 | 126,960 | 22,218 | (16,251) |
| Accrued revenue | 1,017 | 1,594 | - | (577) |
| Total financial assets | 144,223 | 131,566 | 26,884 | (14,227) |
| Non-financial Assets | | | | |
| Land and buildings | 161,759 | 16,557 | 13,158 | 132,044 |
| Heritage and cultural assets | 35,720 | - | 35,444 | 276 |
| Property, plant and equipment | 22,248 | 13,103 | 7,880 | 1,265 |
| Intangibles | 26,072 | 17,090 | 5,619 | 3,363 |
| Other non-financial assets | 6,338 | 3,593 | 1,662 | 1,083 |
| Total non-financial assets | 252,137 | 50,343 | 63,763 | 138,031 |
| Total assets | 396,360 | 181,909 | 90,647 | 123,804 |
| LIABILITIES | | | | |
| Payables | | | | |
| Suppliers | 32,254 | 22,564 | 4,706 | 4,984 |
| Other payables | 6,681 | 3,157 | 5,977 | (2,453) |
| Total payables | 38,935 | 25,721 | 10,683 | 2,531 |
| Interest bearing liabilities | | | | |
| Leases | 133,548 | - | - | 133,548 |
| Total interest bearing liabilities | 133,548 | - | - | 133,548 |
| Provisions | | | | |
| Employee provisions | 72,510 | 40,560 | 27,021 | 4,929 |
| Other provisions | 960 | 876 | 286 | (202) |
| Total provisions | 73,470 | 41,436 | 27,307 | 4,727 |
| Total liabilities | 245,953 | 67,157 | 37,990 | 140,806 |
| Net assets | 150,407 | 114,752 | 52,657 | (17,002) |
| EQUITY | | | | |
| Contributed equity | (9,203) | (85,586) | 76,400 | (17) |
| Reserves | 42,001 | 33,563 | 7,049 | 1,389 |
| Accumulated surplus/(deficit) | 117,609 | 166,775 | (30,792) | (18,374) |
| Total equity | 150,407 | 114,752 | 52,657 | (17,002) |

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

Statement of Changes in Equity
for the period ended 30 June 2020

| | Actual | Budget estimate | | Variance |
|--|-----------------|-----------------|-----------------|-----------------|
| | | Original | Original | |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| CONTRIBUTED EQUITY | | | | |
| Opening balance | | | | |
| Opening balance as at 1 July 2019 | (89,395) | (89,396) | - | 1 |
| Opening balance — DoCA (restructuring) | 72,849 | - | 72,849 | - |
| Balance carried forward from previous period | (16,546) | (89,396) | 72,849 | 1 |
| Transactions with owners | | | | |
| Contributions by owners | | | | |
| Departmental capital budget | 7,343 | 3,810 | 3,551 | (18) |
| Total transactions with owners | 7,343 | 3,810 | 3,551 | (18) |
| Closing balance as at 30 June | (9,203) | (85,586) | 76,400 | (17) |
| ACCUMULATED SURPLUS | | | | |
| Opening balance | | | | |
| Opening balance as at 1 July 2019 | 167,277 | 176,138 | - | (8,861) |
| Opening balance — DoCA (restructuring) | (26,541) | - | (26,107) | (434) |
| Balance carried forward from previous period | 140,736 | 176,138 | (26,107) | (9,295) |
| Adjustment on initial application of AASB 16 | 7,856 | - | - | 7,856 |
| Adjusted opening balance | 148,592 | 176,138 | (26,107) | (1,439) |
| Comprehensive income | | | | |
| Surplus/(Deficit) for the period | (30,983) | (9,363) | (4,685) | (16,935) |
| Total comprehensive income | (30,983) | (9,363) | (4,685) | (16,935) |
| Closing balance as at 30 June | 117,609 | 166,775 | (30,792) | (18,374) |
| ASSET REVALUATION RESERVE | | | | |
| Opening balance | | | | |
| Opening balance as at 1 July 2019 | 33,628 | 33,563 | - | 65 |
| Opening balance — DoCA (restructuring) | 7,049 | - | 7,049 | - |
| Balance carried forward from previous period | 40,677 | 33,563 | 7,049 | 65 |
| Comprehensive income | | | | |
| Other comprehensive income | | | | |
| Changes in asset revaluation surplus | | | | |
| Non-financial assets | 1,410 | - | - | 1,410 |
| Provision for restoration | (86) | - | - | (86) |
| Total comprehensive income | 1,324 | - | - | 1,324 |
| Closing balance as at 30 June | 42,001 | 33,563 | 7,049 | 1,389 |

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

TOTAL EQUITY

Opening balance

| | | | | |
|--|----------------|----------------|---------------|----------------|
| Opening balance as at 1 July 2019 | 111,510 | 120,305 | - | (8,795) |
| Opening balance — DoCA (restructuring) | 53,357 | - | 53,791 | (434) |
| Balance carried forward from previous period | 164,867 | 120,305 | 53,791 | (9,229) |
| Adjustment on initial application of AASB 16 | 7,856 | - | - | 7,856 |
| Adjusted opening balance | 172,723 | 120,305 | 53,791 | (1,373) |

Comprehensive income

| | | | | |
|--------------------------------------|-----------------|----------------|----------------|-----------------|
| Surplus/(Deficit) for the period | (30,983) | (9,363) | (4,685) | (16,935) |
| Changes in asset revaluation surplus | | | | |
| Non-financial assets | 1,410 | - | - | 1,410 |
| Provision for restoration | (86) | - | - | (86) |
| Total comprehensive income | (29,659) | (9,363) | (4,685) | (15,611) |

Transactions with owners

Contributions by owners

| | | | | |
|---------------------------------------|----------------|----------------|---------------|-----------------|
| Departmental capital budget | 7,343 | 3,810 | 3,551 | (18) |
| Total transactions with owners | 7,343 | 3,810 | 3,551 | (18) |
| Closing balance as at 30 June | 150,407 | 114,752 | 52,657 | (17,002) |

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

Cash Flow Statement
for the period ended 2020

| | Actual | Budget Estimate | | Variance |
|---|-----------------|-----------------|----------------|-----------------|
| | | Original | Original | |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| OPERATING ACTIVITIES | | | | |
| Cash received | | | | |
| Appropriations | 420,085 | 217,114 | 121,275 | 81,696 |
| Revenue from contracts with customers | 6,338 | 1,840 | 5,895 | (1,397) |
| GST received | 14,521 | - | - | 14,521 |
| Other | 7,839 | 4,865 | 1,524 | 1,450 |
| Total cash received | 448,783 | 223,819 | 128,694 | 96,270 |
| Cash used | | | | |
| Employees | 200,944 | 124,655 | 72,787 | 3,502 |
| Suppliers and grants | 167,012 | 87,821 | 55,907 | 23,284 |
| Interest payments on lease liabilities | 1,497 | - | - | 1,497 |
| Section 74 receipts transferred to OPA | 41,579 | - | - | 41,579 |
| Other expenses | - | 12 | - | (12) |
| Total cash used | 411,032 | 212,488 | 128,694 | 69,850 |
| Net cash from operating activities | 37,751 | 11,331 | - | 26,420 |
| INVESTING ACTIVITIES | | | | |
| Cash used | | | | |
| Purchase of land and buildings | 6,765 | 1,339 | 1,028 | 4,398 |
| Purchase of property, plant and equipment | 6,638 | - | 2,116 | 4,522 |
| Purchase of intangibles | 12,630 | 15,110 | 407 | (1,548) |
| Total cash used | 26,033 | 15,110 | 3,551 | 7,372 |
| Net cash used by investing activities | (26,033) | (15,110) | (3,551) | (7,372) |
| FINANCING ACTIVITIES | | | | |
| Cash received | | | | |
| Departmental capital budget | 10,920 | 3,810 | 3,551 | 3,559 |
| Total cash received | 10,920 | 3,810 | 3,551 | 3,559 |
| Cash used | | | | |
| Principal payments of lease liabilities | 20,763 | - | - | 20,763 |
| Total cash used | 20,763 | - | - | 20,763 |
| Net cash from financing activities | (9,843) | 3,810 | 3,551 | (17,204) |
| Net increase in cash held | 1,875 | 31 | - | 1,844 |
| Cash and cash equivalents at the beginning of the reporting period | 8,404 | 2,981 | 4,666 | 757 |
| Cash and cash equivalents at the end of the reporting period | 10,279 | 3,012 | 4,666 | 2,601 |

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variances Commentary

The budget variance commentary reflects major differences between the 2019–20 actual balances and the combined budgeted financial statements presented in the 2019–20 Portfolio Budget Statements (PBS) for the Department of Infrastructure, Regional Development and Cities and DoCA.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% 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 entity.

Unless stated below, variances in supplier expenses, depreciation and amortisation, finance costs, rental income, non-financial assets and lease liabilities are mainly due to adoption of *AASB 16 Leases* which was not reflected in the 2019-20 budgeted financial statements.

Refer to the Overview section for further information on the impact of *AASB 16 Leases*.

Statement of Comprehensive Income

Expenses

Employee expenses are \$6.4 million or 3% higher than budget mainly due to redundancy expenses and an employer superannuation lump sum payments.

Supplier expenses are \$9.6 million or 7% under budget mainly due to changes in the recognition of lease expenses from adoption of *AASB 16*, partially offset by additional contractor expenses.

Grant expenses are over budget by \$34.9 million mainly due to payments made for the Drought Communities Program Extension that were budgeted as administered expenses (refer Note 1.1C).

No budget allowance was made for impairment and write-downs.

Income

Own-source revenue is broadly in line with the budget. Variances between categories mainly relate to changes in disclosure as a result of adopting *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Revenue of Not-for-Profit* entities and changes in the classification of sub-lease and artbank rental revenue.

Statement of Financial Position

Financial assets are under budget by \$14.2 million or 9% mainly due to the use of cash reserves to fund additional capital expenditure and the operating deficit reported for 2019-20.

Provisions are over budget by \$4.7 million or 7% due to an increase in leave balances accumulated by departmental employees as a result of delivering COVID-19 emergency response programs and travel restrictions.

Cash Flow Statement

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

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

8.5 Administered — Budgetary reports and explanations of major variances

Administered Schedule of Comprehensive income

for the period ended 30 June 2020

| | Budget estimate | | | |
|---|--------------------|--------------------|--------------------|------------------|
| | Actual | Original | Original | Variance |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 16,062 | 14,646 | - | 1,416 |
| Suppliers | 542,999 | 235,598 | 375,563 | (68,162) |
| Subsidies | 832,519 | 246,992 | 680,852 | (95,325) |
| Grants | 4,794,010 | 3,594,438 | 326,170 | 873,402 |
| Depreciation and amortisation | 61,404 | 38,572 | 10,434 | 12,398 |
| Impairment loss on financial instruments | 1,485 | - | - | 1,485 |
| Write-down and impairment of other assets | 90 | - | - | 90 |
| Losses from asset sales | 9 | - | - | 9 |
| Payments to corporate Commonwealth entities | 1,989,812 | 143,186 | 1,814,453 | 32,173 |
| Concessional loans | 134 | 809 | - | (675) |
| Other expenses | 34,095 | 1,000 | 13,837 | 19,258 |
| Total expenses | 8,272,619 | 4,275,241 | 3,221,309 | 776,069 |
| Income | | | | |
| Revenue | | | | |
| Taxation revenue | | | | |
| Other taxes | 38,924 | 50,518 | - | (11,594) |
| | 38,924 | 50,518 | - | (11,594) |
| Non-taxation revenue | | | | |
| Revenue from contracts with customers | 37,909 | 20,512 | 3,216 | 14,181 |
| Western Sydney Airport preparatory activities | 99,600 | 99,600 | - | - |
| Fees and fines | 128,643 | 151,192 | - | (22,549) |
| Interest | 735,607 | 126,682 | 610,868 | (1,943) |
| Dividends | 49,675 | 57,386 | 12,000 | (19,711) |
| Rental income | 4,259 | 3,280 | 1,529 | (550) |
| Other revenue | 5,186 | 2,339 | 129 | 2,718 |
| Total non-taxation revenue | 1,060,879 | 460,991 | 627,742 | (27,854) |
| Total revenue | 1,099,803 | 511,509 | 627,742 | (39,448) |
| Gains | | | | |
| Other gains | 46,130 | - | - | 46,130 |
| Total gains | 46,130 | - | - | 46,130 |
| Total income | 1,145,933 | 511,509 | 627,742 | 6,682 |
| Net cost of services | (7,126,686) | (3,763,732) | (2,593,567) | (769,387) |
| Deficit | (7,126,686) | (3,763,732) | (2,593,567) | (769,387) |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items not subject to subsequent reclassification to net cost of services | | | | |
| Changes in asset revaluation surplus | 4,297,698 | - | - | 4,297,698 |
| Total other comprehensive income/(loss) | 4,297,698 | - | - | 4,297,698 |
| Total comprehensive income/(loss) | (2,828,988) | (3,763,732) | (2,593,567) | 3,528,311 |

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

| Administered Schedule of Assets and Liabilities | | | | |
|---|------------------------|-------------------|-------------------|--------------------|
| <i>as at 30 June 2020</i> | | | | |
| | Budget estimate | | | |
| | Actual | Original | Original | Variance |
| | | DITCRD | DoCA | |
| | 2020 | 2020 | 2020 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Financial Assets | | | | |
| Cash and cash equivalents | 27,153 | 24,346 | 47 | 2,760 |
| Trade and other receivables | 21,553,464 | 3,855,528 | 18,270,740 | (572,804) |
| Other investments | 31,790,857 | 7,201,056 | 26,480,884 | (1,891,083) |
| Other financial assets | 74,632 | 13,181 | - | 61,451 |
| Total financial assets | 53,446,106 | 11,094,111 | 44,751,671 | (2,399,676) |
| Non-financial assets | | | | |
| Land and buildings | 231,079 | 237,823 | - | (6,744) |
| Heritage and cultural | 174,718 | 114,956 | 54,768 | 4,994 |
| Property, plant and equipment | 472,275 | 324,676 | 131,950 | 15,649 |
| Intangibles | 7,030 | 1,278 | - | 5,752 |
| Inventories | 2,408 | 2,568 | - | (160) |
| Prepayments | 9,611 | 1,887 | 4,651 | 3,073 |
| Total non-financial assets | 897,121 | 683,188 | 191,369 | 22,564 |
| Total assets administered on behalf of Government | 54,343,227 | 11,777,299 | 44,943,040 | (2,377,112) |
| LIABILITIES | | | | |
| Payables | | | | |
| Suppliers | 347,321 | 20,316 | 364,024 | (37,019) |
| Subsidies | 58,608 | 11,231 | 680,852 | (633,475) |
| Grants | 44,447 | 29,454 | 29,632 | (14,639) |
| Other payables | 10,713 | 2,787 | 16,003 | (8,077) |
| Total payables | 461,089 | 63,788 | 1,090,511 | (693,210) |
| Provisions | | | | |
| Employee Provisions | 4,040 | 3,991 | - | 49 |
| Concessional loan commitments | - | - | - | - |
| Other Provisions | 76,286 | 3,206 | 1,173 | 71,907 |
| Total provisions | 80,326 | 7,197 | 1,173 | 71,956 |
| Total liabilities administered on behalf of Government | 541,415 | 70,985 | 1,091,684 | (621,254) |
| Net assets | 53,801,812 | 11,706,314 | 43,851,356 | (1,755,858) |

Budget Variance Commentary

The budget variance commentary reflects major differences between the 2019–20 actual balances and the combined budgeted financial statements presented in the 2019–20 PBS for the Department of Infrastructure, Regional Development and Cities and DoCA.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10% 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 entity.

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

Administered Schedule of Comprehensive Income

Expenses

Employee expenses are over budget by \$1.4 million or 10% mainly due to additional staffing resources required to respond to the COVID-19 pandemic in the Indian Ocean Territories.

Supplier expenses are under budget by \$68.2 million or 11% mainly due to a delay in work performed by Telstra under the Public Interest Telecommunications program (\$12.6 million) and the timing and reclassification of biodiversity offset obligations for the Western Sydney Airport (\$43.6 million).

Subsidy expenses are under budget by \$95.3 million or 10% due to a delay in planned commencement of the Regional Broadband Scheme (\$680.9 million). This was offset by subsidies of \$608.6 million to support the Australian domestic airline industry impacted as a result of COVID-19 travel restrictions.

Grant expenses are over budget by \$873.4 million or 22% due to a government decision to bring forward \$1.4 billion in Financial Assistance Grant payments from the 2020–21 financial year, partially offset by movement of expenditure to future years for other grant programs, including the Building Better Regions Fund (\$133.6 million), Regional Growth Fund (\$97.3 million) and Community Development Grants program (\$161.4 million).

Depreciation and amortisation is over budget by \$12.4 million or 25% mainly due to changes in the fair value and useful lives of administered assets in the 2018–19 financial year after the 2019–20 budgeted financial statements were prepared.

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

Payments to corporate Commonwealth entities are over budget by \$32.2 million or 2% due to additional funding provided to corporate Commonwealth entities through the 2019–20 Additional Estimates and COVID-19 response programs.

Other expenses are over budget by \$19.3 million mainly due to the recognition of expenses associated with biodiversity offset credits for the Western Sydney Airport which were budgeted against supplier expenses.

Income

Administered revenue is broadly in line with the original budget.

Other taxes are under budget by \$11.6 million mainly due to lower land tax-equivalent amounts collected from airports as a result of higher than anticipated deductions, and lower payroll tax equivalent amounts collected due to a decline in economic activities in the Indian Ocean Territories.

Other variances between revenue items mainly relate to a reclassification of revenue categories following adoption of *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Revenue of Not-for-Profit Entities*. After reclassification, revenue from contracts with customers is under budget by \$7.0 million mainly due to the impact of COVID-19 restrictions on economic activity, particularly with respect to aviation programs.

No budget was allowed for other gains. Other gains of \$46.1 million relates to the reversal of expenses accrued for the Drought Communities Program Extension of \$30.5 million that were recognised as departmental expenses (refer Notes 1.1C and 4.4C) and reversal of unamortised concessional loan discounts for loans that were re-paid early.

Administered Schedule of Assets and Liabilities

Trade and other receivables are under budget by \$572.8 million or 3% mainly due to budgeted loan advances from the National Water Infrastructure Loan Facility that did not occur (\$796.2 million) and early repayment of concessional loans (\$946.6 million) from the Sunshine Coast Airport, Australian Broadcasting Corporation and ACT Government. This was offset by higher than anticipated loan advances made to NBN Co of \$1.3 billion reflected at Additional Estimates.

Other financial assets are over budget by \$61.5 million mainly due to the recognition of biodiversity offset credits which were not budgeted as assets.

Non-financial assets are over budget by \$22.6 million mainly due to revaluation adjustments made in 2018–19 after the budgeted financial statements for 2019–20 were prepared.

Payables are under budget by \$693.2 million mainly due to a delay in planned commencement of the Regional Broadband Scheme in 2019–20 (\$680.9 million).

Provisions are over budget by \$72.0 million mainly due to recognition of a provision for biodiversity offset obligations at the Western Sydney Airport site that was not budgeted.



PART 6

Appendices

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Appendix A: Resource statements and expenses for outcomes

Table A.1 Agency resource statement 2019–20

| | Actual available appropriation ¹ 2019–20 \$'000 | Payments made 2019–20 \$'000 | Balance remaining 2019–20 \$'000 |
|---|---|---------------------------------------|---|
| Departmental annual appropriations | | | |
| Ordinary annual services² | | | |
| Departmental resourcing ³ | 564,492 | 412,153 | 152,339 |
| Total departmental resourcing | 564,492 | 412,153 | 152,339 |
| Administered annual appropriations⁴ | | | |
| Ordinary annual services² | | | |
| Outcome 1 | 211,135 | 186,323 | |
| Outcome 2 | 353,357 | 766,182 | |
| Outcome 3 | 1,100,224 | 810,364 | |
| Outcome 4 | 220,418 | 202,366 | |
| Outcome 5 | 228,079 | 179,090 | |
| Outcome 6 | 231,059 | 230,745 | |
| Administered Capital Budget ⁵ | 17,073 | 14,934 | |
| Payments to corporate entities ⁶ | 1,960,408 | 1,989,812 | |
| Other services — non-operating | | | |
| Prior-year appropriations available | 2,278,988 | | |
| Administered assets and liabilities | 5,910,265 | 6,954,398 | |
| Administered assets and liabilities — Payments to corporate entities ⁶ | 39,453 | 39,453 | |
| Other services — specific payments to states, ACT, NT and local government | | | |
| Outcome 1 | 569,039 | 569,029 | |
| Outcome 3 | 126,500 | 79,592 | |
| Total available administered annual appropriations | 13,245,998 | 12,022,288 | |

| | Actual available appropriation ¹ 2019–20 \$'000 | Payments made 2019–20 \$'000 | Balance remaining 2019–20 \$'000 |
|--|---|---------------------------------------|---|
| Administered special appropriations | | | |
| Total available administered special appropriations | 1,517,719 | 2,887,568 | |
| Special accounts | | | |
| Opening balance | 4,326 | | |
| Appropriation receipts ⁷ | 96,424 | | |
| Non-appropriation receipts to Special Accounts ⁸ | 282,279 | | |
| Payments made | - | 355,889 | |
| Total available Special Accounts | 383,029 | 355,889 | 27,140 |
| Total administered resourcing | 15,146,746 | 15,265,745 | |
| Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or payments to corporate entities through annual appropriations | (2,096,285) | (2,354,530) | |
| Total net resourcing and payments | 13,050,461 | 12,911,215 | |

1 Figures in the table represent actual appropriations provided less any legally recognised reductions as outlined in Note 5.1 of the 2019–20 Financial Statements.

2 Appropriation Act (No. 1) 2019–20, Appropriation Act (No. 3) 2019–20 and Appropriation Act (No. 5) 2019–20.

3 Actual available appropriations for 2019–20 include prior year departmental appropriation and section 74 relevant entity receipts.

4 Actual available appropriations for 2019–20 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 appropriation and special 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.

Table A.2 Expenses for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 1.1: Infrastructure Investment | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 244,050 | 181,260 | 62,790 |
| Other Services (Appropriation Acts No.2 and No.4) | 569,039 | 569,028 | 11 |
| Special Appropriations | 100 | – | 100 |
| Payments to corporate entities | 11,560 | 11,560 | – |
| Expenses not requiring appropriation in the Budget year ² | 116 | 353 | (237) |
| Total for Program 1.1 | 824,865 | 762,201 | 62,664 |
| Outcome 1 Total | 824,865 | 762,201 | 62,664 |
| Outcome 1 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 211,135 | 181,260 | 29,875 |
| Other Services (Appropriation Acts No.2 and No.4) | 569,039 | 569,028 | 11 |
| Special Appropriations | 100 | – | 100 |
| Payments to corporate entities | 11,560 | 11,560 | – |
| Expenses not requiring appropriation in the Budget year ² | 33,031 | 353 | 32,678 |
| Departmental expenses | | | |
| Departmental appropriation ³ | 54,580 | 58,112 | (3,532) |
| s74 retained revenue receipts | 112 | 2,278 | (2,166) |
| Expenses not requiring appropriation in the Budget year ⁴ | 3,094 | 3,953 | (859) |
| Total expenses for Outcome 1 | 882,651 | 826,544 | 56,107 |
| Average staffing level (number)⁵ | 246 | 206 | 40 |

1 Budget figures are based on the 2019–20 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, No.3 and No.5).'

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate 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 following the machinery-of-government changes dated 1 February 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 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 2.1: Surface Transport | | | |
| Administered expenses | | | |
| Ordinary Annual Services (Appropriation Acts No.1 and No.3) | 236,517 | 212,305 | 24,212 |
| Special Appropriations | 126,850 | 128,477 | (1,627) |
| Payments to corporate entities | 85,521 | 85,521 | – |
| Expenses not requiring appropriation in the Budget year ² | (100) | – | (100) |
| Total for Program 2.1 | 448,788 | 426,303 | 22,485 |
| Program 2.2: Road Safety | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 9,100 | 4,159 | 4,941 |
| Special appropriations | 50 | – | 50 |
| Expenses not requiring appropriation in the Budget year ² | (50) | – | (50) |
| Total for Program 2.2 | 9,100 | 4,159 | 4,941 |
| Program 2.3: Air Transport | | | |
| Administered expenses | | | |
| Ordinary Annual Services (Appropriation Acts No.1, No.3 and No.5) | 107,740 | 526,694 | (418,954) |
| Special appropriations | 128,950 | 180,938 | (51,988) |
| Special accounts | 700 | 26 | 674 |
| Payments to corporate entities | 57,938 | 72,938 | (15,000) |
| Expenses not requiring appropriation in the Budget year ² | 7,361 | 51,171 | (43,810) |
| Total for Program 2.3 | 302,689 | 831,767 | (529,078) |
| Outcome 2 Total | 760,577 | 1,262,229 | (501,652) |

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Outcome 2 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1, No.3 and No.5) | 353,357 | 743,158 | (389,801) |
| Special Appropriations | 255,850 | 309,415 | (53,565) |
| Special Accounts | 700 | 26 | 674 |
| Payments to corporate entities | 143,459 | 158,459 | (15,000) |
| Expenses not requiring appropriation in the Budget year ² | 7,211 | 51,171 | (43,960) |
| Departmental expenses | | | |
| Departmental appropriation ³ | 102,530 | 99,575 | 2,955 |
| s74 retained revenue receipts | 5,154 | 3,904 | 1,250 |
| Expenses not requiring appropriation in the Budget year ⁴ | 1,655 | 6,773 | (5,118) |
| Total expenses for Outcome 2 | 869,916 | 1,372,481 | (502,565) |
| Average staffing level (number)⁵ | 371 | 335 | 36 |

1 Budget figures are based on the 2019–20 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, No.3 and No.5).'

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual ASL figures reflect revised corporate overhead allocations following the machinery-of-government changes dated 1 February 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 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 3.1: Regional Development | | | |
| Administered expenses | | | |
| Ordinary Annual Services (Appropriation Acts No.1 and No.3) | 1,087,524 | 690,567 | 396,957 |
| Other Services (Appropriation Act No.2 and Bill No.4) | 126,500 | 86,987 | 39,513 |
| Special Appropriations | 50 | – | 50 |
| Expenses not requiring appropriation in the Budget year ² | (104,225) | 99,296 | (203,521) |
| Total for Program 3.1 | 1,109,849 | 876,850 | 232,999 |
| Program 3.2: Local Government | | | |
| Administered expenses | | | |
| Special Appropriations | 1,261,719 | 2,575,618 | (1,313,899) |
| Total for Program 3.2 | 1,261,719 | 2,575,618 | (1,313,899) |
| Program 3.3: Cities | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 17,900 | 8,014 | 9,886 |
| Special Accounts | 1,000 | – | 1,000 |
| Total for Program 3.3 | 18,900 | 8,014 | 10,886 |
| Outcome 3 Total | 2,390,468 | 3,460,482 | (1,070,014) |

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Outcome 3 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary Annual Services (Appropriation Acts No.1 and No.3) | 1,100,224 | 698,549 | 401,675 |
| Other Services (Appropriation Act No.2 and Bill No.4) | 126,500 | 86,987 | 39,513 |
| Special Appropriations | 1,261,769 | 2,575,618 | (1,313,849) |
| Special Accounts | 1,000 | – | 1,000 |
| Expenses not requiring appropriation in the Budget year ² | (99,025) | 99,328 | (198,353) |
| Departmental expenses | | | |
| Departmental appropriation ³ | 61,074 | 69,144 | (8,070) |
| s74 retained revenue receipts | 168 | 2,711 | (2,543) |
| Expenses not requiring appropriation in the Budget year ⁴ | 2,458 | 4,703 | (2,245) |
| Total expenses for Outcome 3 | 2,454,168 | 3,537,040 | (1,082,872) |
| Average staffing level (number)⁵ | 195 | 199 | (4) |

1 Budget figures are based on the 2019–20 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, No.3 and No.5).'

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual ASL figures reflect revised corporate overhead allocations following the machinery-of-government changes dated 1 February 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 2019–20 \$'000 | Actual expenses ⁶ 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|--|--------------------------------|
| Program 4.1: Services to Territories | | | |
| Administered expenses | | | |
| Ordinary Annual Services (Appropriation Acts No.1 and No.3) | 220,418 | 209,370 | 11,048 |
| Special Appropriations | 50 | – | 50 |
| Special Accounts | 17,882 | 17,165 | 717 |
| Expenses not requiring appropriation in the Budget year ² | 53,326 | 50,944 | 2,382 |
| Total for Program 4.1 | 291,676 | 277,480 | 14,196 |
| Outcome 4 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 220,418 | 209,370 | 11,048 |
| Special Appropriations | 50 | – | 50 |
| Special Accounts | 17,882 | 17,165 | 717 |
| Expenses not requiring appropriation in the Budget year ² | 53,326 | 50,944 | 2,382 |
| Departmental expenses | | | |
| Departmental appropriation ³ | 24,866 | 26,695 | (1,829) |
| s74 retained revenue receipts | 50 | 1,047 | (997) |
| Expenses not requiring appropriation in the Budget year ⁴ | 1,397 | 1,816 | (419) |
| Total expenses for Outcome 4 | 317,989 | 307,037 | 10,952 |
| Average staffing level (number)⁵ | 111 | 120 | (9) |

1 Budget figures are based on the 2019–20 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, No.3 and No.5).'

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual ASL figures reflect revised corporate overhead allocations following the machinery-of-government changes dated 1 February 2020.

6 Expenses not-for-publication due to commercial sensitivities are not included in the totals.

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 2019–20 \$'000 | Actual expenses ⁶ 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|--|--------------------------------|
| Program 5.1: Digital Technologies and Communications Services | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 157,902 | 80,114 | 77,788 |
| Special accounts | 373,182 | 338,196 | 34,986 |
| Payments to corporate entities | 1,352,319 | 1,352,319 | – |
| Expenses not requiring appropriation in the Budget year | 10,857 | 10,856 | 1 |
| Total for Program 5.1 | 1,894,260 | 1,781,485 | 112,775 |
| Outcome 5 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1 and No.3) | 157,902 | 80,114 | 77,788 |
| Special accounts | 373,182 | 338,196 | 34,986 |
| Payments to corporate entities | 1,352,319 | 1,352,319 | – |
| Expenses not requiring appropriation in the Budget year ² | 10,857 | 10,856 | 1 |
| Departmental expenses | | | |
| Departmental appropriation ³ | 89,246 | 63,495 | 25,751 |
| s74 External Revenue | 2,049 | 2,489 | (440) |
| Special accounts | 4,046 | 4,046 | – |
| Expenses not requiring appropriation in the Budget year ⁴ | 4,469 | 4,319 | 150 |
| Total expenses for Outcome 5 | 1,994,070 | 1,855,835 | 138,235 |
| Average staffing level (number)⁵ | 405 | 357 | 48 |

1 Budget figures are based on the 2019–20 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 combines ordinary annual services (Appropriation Acts No.1, No.3 and No.5), includes prior-year departmental appropriation and retained revenue receipts under section 74 of the PGPA Act.

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual ASL figures reflect revised corporate overhead allocations following the machinery-of-government changes dated 1 February 2020.

6 Expenses 'not-for-publication' due to commercial sensitivities are not included in the table totals.

Table A.7 Expenses for Outcome 6: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 6.1: Arts and Cultural Development | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1, No.3 and No.5) | 230,559 | 229,675 | 884 |
| Special appropriations | – | 23,500 | (23,500) |
| Special accounts | 500 | 495 | 5 |
| Payments to corporate entities | 453,070 | 467,474 | (14,404) |
| Expenses not requiring appropriation in the Budget year ² | 2,389 | 2,431 | (42) |
| Total for Program 6.1 | 686,518 | 723,575 | (37,057) |
| Outcome 6 totals by appropriation type | | | |
| Administered expenses | | | |
| Ordinary annual services (Appropriation Acts No.1, No.3 and No.5) | 230,559 | 229,675 | 884 |
| Special appropriations | – | 23,500 | – |
| Special accounts | 500 | 495 | 5 |
| Payments to corporate entities | 453,070 | 467,474 | (14,404) |
| Expenses not requiring appropriation in the Budget year ² | 2,389 | 2,431 | (42) |
| Departmental expenses | | | |
| Departmental appropriation ³ | 30,658 | 47,589 | (16,931) |
| s74 External Revenue | – | 1,866 | (1,866) |
| Special accounts | 6,298 | 3,434 | 2,864 |
| Expenses not requiring appropriation in the Budget year ⁴ | 631 | 3,237 | (2,606) |
| Total expenses for Outcome 6 | 724,105 | 779,701 | (55,596) |
| Average staffing level (number)⁵ | 145 | 202 | (57) |

1 Budget figures are based on the 2019–20 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 combines ordinary annual services (Appropriation Acts No.1, No.3 and No.5), includes prior-year departmental appropriation and retained revenue receipts under section 74 of the PGPA Act.

4 Departmental 'Expenses not requiring appropriation in the Budget year' relate to depreciation and amortisation expenses, and expenses that are reduced by associated receipts.

5 Actual ASL figures reflect revised corporate overhead allocations following the machinery-of-government changes dated 1 February 2020.

Table A.8 Expenses for Outcome 1: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 1.1: Infrastructure Investment | | | |
| Administered expenses | | | |
| Infrastructure Investment Program ² | | | |
| – Investments | 207,667 | 175,424 | 32,243 |
| – Roads to Recovery | 569,426 | 569,028 | 398 |
| Building our Future campaign | 14,096 | 3,775 | 10,321 |
| Supporting National Freight and Supply Chain Priorities — Inland Rail Interface Improvement Program | 22,000 | 2,061 | 19,939 |
| Payments to corporate entities — Infrastructure Australia ³ | 11,560 | 11,560 | – |
| WestConnex Stage 2 (New M5) concessional loan | 116 | 353 | (237) |
| Total Program 1.1 expenses | 824,865 | 762,201 | 62,664 |
| Program Support for Outcome 1 | 57,786 | 64,343 | (6,557) |
| Total Program expenses for Outcome 1 | 882,651 | 826,544 | 56,107 |

1 Budget figures are based on the 2019–20 PAES.

2 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Infrastructure Investment Program (Black Spot Projects, Bridges Renewal Program, Developing Northern Australia (Improving Cattle Supply Chains and Northern Australia Roads), National Highway Upgrade Program, Heavy Vehicle Safety and Productivity Program, Major Projects Business Case Fund, National Rail Program, Rail Investment Component, Road Investment Component, Roads of Strategic Importance and Urban Congestion Initiative) and Infrastructure Growth Package (New Investments and Western Sydney Infrastructure Plan) administered items.

3 Relates to appropriation for corporate entities which is provided through the department.

Table A.9 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 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|---|--|---|--------------------------------|
| Program 2.1: Surface Transport | | | |
| Administered expenses | | | |
| Bass Strait Passenger Vehicle Equalisation Scheme | 52,046 | 40,775 | 11,271 |
| Freight and Supply Chain Strategy — Freight Data Hub | 918 | 510 | 408 |
| International Maritime Organization — contribution | 344 | 326 | 18 |
| National Freight Access Improvements | 3,980 | 3,980 | – |
| National Heavy Vehicle Safety Initiatives ² | 5,417 | 5,417 | – |
| International Transport Forum — contribution | 122 | 131 | (9) |
| Tasmanian Freight Equalisation Scheme ³ | 173,690 | 161,167 | 12,523 |
| Payments to corporate entities — Australia Maritime Safety Authority ⁴ | 81,986 | 81,986 | – |
| Payments to corporate entities — National Transport Commission ⁴ | 3,535 | 3,535 | – |
| Special Appropriations | | | |
| Australian Maritime Safety Authority Act 1990 | 125,750 | 128,169 | (2,419) |
| Protection of the Sea (Oil Pollution Compensation Fund) Act 1993 | 1,000 | 308 | 692 |
| Total Program 2.1 expenses | 448,788 | 426,303 | 22,485 |
| Program 2.2: Road Safety | | | |
| Annual Administered expenses | | | |
| Digital Road Safety Pilot | 600 | 600 | – |
| Driver Reviver Grants Program | 3,000 | 514 | 2,486 |
| keys2drive | 4,000 | 2,000 | 2,000 |
| Road Safety Awareness and Enablers Fund | 1,000 | 1,029 | (29) |
| Road Safety Innovation Fund | 500 | – | 500 |
| Other | – | 16 | (16) |
| Total Program 2.2 expenses | 9,100 | 4,159 | 4,942 |

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|---|--|---|--------------------------------|
| Program 2.3: Air Transport | | | |
| Administered expenses | | | |
| Airport Lessee Companies | 1,000 | 422 | 578 |
| Domestic Aviation Network Support | – | 122,690 | (122,690) |
| Domestic Aviation Security Charges Rebate | – | 24,350 | (24,350) |
| International Aviation Support | – | 72,408 | (72,408) |
| International Civil Aviation Organization — contribution | 2,589 | 2,132 | 457 |
| Payment scheme for Airservices Australia's en route charges ³ | 2,000 | 457 | 1,543 |
| Regional Airports Program | 10,000 | – | 10,000 |
| Regional Aviation Access | 21,146 | 18,310 | 2,836 |
| Waiver for Airservices Australia Charges | – | 250,000 | (250,000) |
| Waiver of Fuel Excise — Airline Reimbursement | – | 15,822 | (15,822) |
| Western Sydney Airport — preparatory activities | 77,516 | 19,400 | 58,116 |
| Women in the Aviation Industry | 1,000 | 700 | 300 |
| Payments to corporate entities — Civil Aviation Safety Authority ⁴ | 57,938 | 72,938 | (15,000) |
| Special Appropriation expenses | | | |
| Aviation Fuel Revenues (Special Appropriation) Act 1988 | 128,800 | 101,285 | 27,515 |
| Regional Airlines Funding Assistance ⁵ | – | 52,322 | – |
| Regional Airline Network Support ⁵ | – | 27,332 | – |
| Special Account expenses | | | |
| Melbourne Airport New Runway Land Acquisition Special Account | 700 | 26 | 674 |
| Expenses not requiring appropriation in the Budget year | | | |
| International Aviation Support | – | 43,627 | (43,627) |
| Western Sydney Airport — preparatory activities | – | 7,544 | – |
| Total Program 2.3 expenses | 302,689 | 831,767 | (529,078) |
| Program Support — Outcome 2 | 109,339 | 110,251 | (912) |
| Total Program expenses for Outcome 2 | 869,916 | 1,372,481 | (502,564) |

1 Budget figures are based on the 2019–20 PAES.

2 Previously titled National Heavy Vehicle Regulator. The change in title was effected in the 2019–20 PB Statements to better reflect the program.

3 The estimates for demand driven programs are calculated at a maximum probable amount in the forward estimates to ensure that there is sufficient appropriation to meet demand. Where the estimated demand is not met in a particular year, underspends are returned to the government and are not available for alternate uses by the department.

4 Relates to appropriation for corporate entities which is provided through the department.

5 These programs are funded under the Relief and Recovery Fund.

Table A.10 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 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|---|--|---|--------------------------------|
| Program 3.1: Regional Development | | | |
| Annual Administered expenses ² | | | |
| Barkly Regional Deal | 700 | 550 | 150 |
| Building Better Regions Fund | 253,872 | 177,303 | 76,569 |
| Community Development Grants | 430,102 | 261,028 | 169,074 |
| Drought Communities Programme | 126,500 | – | 126,500 |
| Drought Community Support Initiative | 66,000 | 66,000 | – |
| Foundation for Rural and Regional Renewal | 4,500 | 4,500 | – |
| Hinkler Regional Deal | 4,750 | 100 | 4,650 |
| National Stronger Regions Fund | 57,061 | 55,591 | 1,470 |
| National Water Infrastructure Development Fund | 1,500 | 1,500 | – |
| National Water Grid Authority | 2,544 | 113 | 2,431 |
| Regional Australia Institute | 400 | 400 | – |
| Regional Development Australia Committees | 18,632 | 18,606 | 26 |
| Regional Growth Fund | 48,448 | 17,305 | 31,143 |
| Regional Jobs and Investment Packages | 72,172 | 67,125 | 5,047 |
| Stronger Communities Programme | 22,650 | 20,429 | 2,221 |
| University of the Sunshine Coast, Moreton Bay Precinct Project concessional loan | 18 | 17 | 1 |
| Drought Communities Programme Extension | – | 86,987 | (86,987) |
| Expenses not requiring appropriation in the Budget year | | | |
| Country Women's Association | – | 5,000 | (5,000) |
| Drought Community Support Initiative | – | 82,500 | (82,500) |
| National Stronger Regions Fund | – | 11,796 | (11,796) |
| Total Program 3.1 expenses | 1,109,849 | 876,850 | 232,999 |

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 3.2: Local Government | | | |
| Special Appropriation expenses | | | |
| Local Government (Financial Assistance) Act 1995 | 1,261,719 | 2,575,618 | (1,313,899) |
| Total Program 3.2 expenses | 1,261,719 | 2,575,618 | (1,313,899) |
| Program 3.3: Cities | | | |
| Annual Administered expenses ³ | | | |
| Hobart City Deal | 1,000 | 845 | 155 |
| Smart Cities and Suburbs | 14,335 | 7,136 | 7,199 |
| Townsville City Deal | 2,565 | 33 | 2,532 |
| Special Account expenses | | | |
| Services for Other Entities and Trust Moneys | 1,000 | – | 1,000 |
| Total Program 3.3 expenses | 18,900 | 8,014 | 10,886 |
| Program Support for Outcome 3 | 63,700 | 76,558 | (12,858) |
| Total Program expenses for Outcome 3 | 2,454,168 | 3,537,040 | (1,082,872) |

1 Budget figures are based on the 2019–20 PAES.

2 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Barkly Regional Deal; North Queensland Stadium; and National Water Infrastructure Fund administered items.

3 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the Adelaide City Deal; Darwin City Deal; Geelong City Deal; Lindenow Valley Water Security Deal; and Western Sydney City Deal administered items.

Table A.11 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 2019–20 \$'000 | Actual expenses ⁴ 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|--|--------------------------------|
| Program 4.1: Services to Territories | | | |
| Annual Administered expenses | | | |
| ACT Government — national capital functions | 1,943 | 1,925 | 18 |
| Norfolk Island — Commonwealth administration | 1,082 | 981 | 101 |
| Norfolk Island — Kingston and Arthur's Vale historic area | 1,810 | 1,667 | 143 |
| Norfolk Island — runway resurfacing | 39,977 | 40,000 | (23) |
| Office of Administrator, Northern Territory | 418 | 361 | 57 |
| Services to Indian Ocean Territories ² | 116,270 | 109,863 | 6,407 |
| Services to Jervis Bay Territory ³ | 6,046 | 5,869 | 177 |
| Services to Norfolk Island | 54,467 | 48,705 | 5,762 |
| Special Account expenses | | | |
| Christmas Island Phosphate Mining Rehabilitation Special Account | 1,400 | 890 | 510 |
| Indian Ocean Territories Special Account 2014 | 15,215 | 15,008 | 207 |
| Jervis Bay Territory Special Account 2014 | 1,267 | 1,267 | – |
| Expenses not requiring appropriation in the Budget year | | | |
| Norfolk Island — Kingston and Arthur's Vale historic area | – | 156 | (156) |
| Depreciation and amortisation | 51,781 | 50,788 | 993 |
| Total Program 4.1 expenses | 291,676 | 277,480 | 14,196 |
| Program Support for Outcome 4 | 26,313 | 29,557 | (3,244) |
| Total Program expenses for Outcome 4 | 317,989 | 307,037 | 10,952 |

1 Budget figures are based on the 2019–20 PAES.

2 See also expenses associated with the Indian Ocean Territories Special Account 2014.

3 See also expenses associated with the Jervis Bay Territory Special Account 2014.

4 Expenses not-for-publication due to commercial sensitivities are not included in the totals.

Table A.12 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 2019–20 \$'000 | Actual expenses ⁴ 2019–20 \$'000 | Variation 2019–20 \$'000 |
|---|--|--|--------------------------------|
| Program 5.1: Digital Technologies and Communications | | | |
| Annual Administered expenses ² | | | |
| Amplifying Australia's Voice in the Pacific | 5,675 | 5,675 | – |
| Cadetship Program and Scholarship Program | 8,108 | 837 | 7,271 |
| Community Broadcasting Program | 19,733 | 19,733 | – |
| Consumer Representation Grants Program | 2,322 | 2,322 | – |
| Intellectual Property | 268 | 268 | – |
| International Organisation Contributions | 4,202 | 4,317 | (115) |
| Mobile Black Spot Program | 66,299 | 19,637 | 46,662 |
| Online Safety | 127 | 62 | 65 |
| Regional Broadcasting | 10,329 | 9,998 | 331 |
| Regional Connectivity | 28,575 | – | 28,575 |
| Spectrum Pricing Transitional Support | 4,764 | 4,764 | – |
| Supporting Underrepresented Sports | 7,500 | 12,500 | (5,000) |
| Special Accounts | | | |
| Public Interest Telecommunications Services Special Account | | | |
| National Relay Service | 33,304 | 31,425 | 1,879 |
| Universal Service Obligation | 270,000 | 270,000 | – |
| Other Public Interest Services | 69,878 | 36,771 | 33,107 |
| Payments to corporate entities ³ | | | |
| Australian Broadcasting Corporation | 1,062,265 | 1,062,265 | – |
| Special Broadcasting Service Corporation | 290,054 | 290,054 | – |

| | Budget ¹ 2019–20 \$'000 | Actual expenses ⁴ 2019–20 \$'000 | Variation 2019–20 \$'000 |
|---|--|--|--------------------------------|
| Expenses not requiring appropriation in the Budget year | | | |
| International Organisation Contributions | 2,932 | 2,932 | – |
| Regional Backbone Blackspots Program | 7,925 | 7,924 | 1 |
| Total Program 5.1 expenses | 1,894,260 | 1,781,485 | 112,775 |
| Program Support for Outcome 5 | 99,810 | 74,350 | 25,460 |
| Total Program expenses for Outcome 5 | 1,994,070 | 1,855,835 | 138,235 |

1 Budget figures are based on the 2019–20 PAES.

2 Excludes expenses relating to payments made to and through the states and territories by the Treasury for the National Partnership for WiFi and Mobile Coverage on Trains administered item.

3 Relates to appropriations for corporate entities which are provided through the department.

4 Expenses not-for-publication due to commercial sensitivities are not included in the totals.

Table A.13 Expenses for Outcome 6 : Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

| | Budget ¹ 2019–20 \$'000 | Actual expenses 2019–20 \$'000 | Variation 2019–20 \$'000 |
|--|--|---|--------------------------------|
| Program 6.1: Arts and Cultural Development | | | |
| Administered expenses | | | |
| Arts and Cultural Development | 230,559 | 229,675 | 884 |
| Special Appropriations | | | |
| Arts and Cultural Development ² | – | 10,000 | (10,000) |
| Indigenous Arts, Languages and Repatriation ² | – | 3,500 | (3,500) |
| Regional Arts ² | – | 10,000 | (10,000) |
| Payments to corporate entities ³ | | | |
| Australia Council | 212,122 | 212,122 | – |
| Australian Film, Television and Radio School | 22,605 | 22,605 | – |
| Australian National Maritime Museum | 21,217 | 21,217 | – |
| National Film and Sound Archive of Australia | 23,969 | 25,184 | (1,215) |
| National Gallery of Australia | 44,928 | 57,618 | (12,690) |
| National Library of Australia | 54,517 | 55,016 | (499) |
| National Museum of Australia | 44,611 | 44,611 | – |
| National Portrait Gallery of Australia | 11,652 | 11,652 | – |
| Screen Australia | 11,331 | 11,331 | – |
| Old Parliament House ⁴ | 6,118 | 6,118 | – |
| Special Accounts | | | |
| National Cultural Heritage Account | 500 | 495 | 5 |
| Expenses not requiring appropriation in the Budget year | | | |
| Depreciation and Amortisation | 2,389 | 2,431 | (42) |
| Total Program 6.1 expenses | 686,518 | 723,575 | (37,057) |
| Program Support for Outcome 6 | 37,587 | 56,126 | (18,539) |
| Total Program expenses for Outcome 6 | 724,105 | 779,701 | (55,596) |

1 Budget figures are based on the 2019–20 PAES.

2 These programs are funded under the Relief and Recovery Fund.

3 Relates to appropriations for corporate entities which are provided through the department.

4 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. Figures reflect part year actuals until the transfer date of 1 September 2019.

Appendix B: Audit and Risk Committee members

Table B.1 Audit and Risk Committee members of the former Department of Infrastructure, Transport, Cities and Regional Development,^a 1 July 2019 to 31 January 2020

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|--|--|---|
| Geoff Knuckey Independent chair Independent member, Financial Statements Sub-Committee (FSSC) | 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. 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. | 2/2 4/4 FSSC meetings | \$10,260 |
| Susan Page PSM Independent member | 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. Ms Page holds a Bachelor of Arts (Honours) and is an independent member on one other government entity Audit and Risk Committee. | 2/2 1/1 FSSC meeting | \$8,484 |

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|---|--|---|
| 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>2/2</p> <p>1/1 FSSC meeting</p> | \$7,087 |
| Ruth Wall Departmental member | <p>Ms Wall, acting Division Head, National Water Grid Authority.</p> <p>Ms Wall's appointment commenced on 30 May 2019 and ceased on 12 March 2020. Ms Wall was eligible to attend two meetings during the reporting period.</p> | <p>2/2</p> <p>1/1 FSSC meeting</p> | \$0 |
| Dr Rachel Bacon Departmental member | <p>Dr Bacon, Deputy Secretary, responsible for regional development and territories.</p> <p>Dr Bacon's appointment ceased on 5 November 2019 and she was eligible to attend one meeting during the reporting period, for which she was an apology.</p> | <p>0/2</p> <p>1/1 FSSC meeting</p> | \$0 |
| Brendan McRandle PSM Departmental member | <p>Mr McRandle, Deputy Secretary, responsible for Aviation Futures Planning, and Chief Executive Officer of the National Water Grid Authority.</p> <p>Mr McRandle's appointment commenced on 6 November 2019 and he was eligible to attend one meeting during the reporting period.</p> | <p>1/2</p> | \$0 |

a The Committee provides services to the National Faster Rail Agency and the North Queensland Water Infrastructure Authority on a cost recovery basis. Remuneration amounts include charges for these services.

Table B.2 Audit and Risk Committee members of the former Department of Communications and the Arts, 1 July 2019 to 31 January 2020

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|---|--|---|
| Ian McPhee AO PSM Independent chair | <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 is a non-executive director of several boards, and chair and independent member of Audit and Risk Committees for a number of government entities.</p> <p>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> | 3/3 | \$14,545 |
| 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). Mr Murphy is a graduate member of the Australian Institute of Company Directors and a certified practising accountant.</p> | 2/3 | \$4,000 |
| Michael Watson Independent member | <p>Mr Watson previously held the position of Group Executive Director, Assurance Audit Services, Australian National Audit Office.</p> <p>Mr Watson was previously a member of the Australian National Audit Office Audit Committee and a board director and member of the Audit and Risk Committee of Chartered Accountants Australia and New Zealand.</p> <p>Mr Watson is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand.</p> <p>Mr Watson's appointment ceased on 31 December 2019.</p> | 3/3 | \$3,000 |

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|--|--|---|
| Pauline Sullivan Departmental member | Ms Sullivan, Division Head, Market Reforms Division. | 2/3 | \$0 |
| Richard Eccles Departmental member | Mr Eccles, Deputy Secretary, responsible for Arts, Content, Strategy and Research. | 2/3 | \$0 |

Table B.3 Audit and Risk Committee members of the Department of Infrastructure, Transport, Regional Development and Communications,^a 1 February 2020 — 30 June 2020

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|--|--|---|
| Geoff Knuckey Independent chair Independent member, Financial Statements Sub-Committee (FSSC) | 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. 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. | 2/2 1/1 FSSC | \$11,340 |

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|---|--|---|
| Ian McPhee AO PSM Independent member Chair FSSC | <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 is a non-executive director of several boards, and chair and independent member of Audit and Risk Committees for a number of government entities.</p> <p>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> | 1/2 ^b 1/1 FSSC | \$7,272 |
| 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 a Graduate Diploma in Strategic Studies.</p> | 2/2 | \$6,180 |
| 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). Mr Murphy is a graduate member of the Australian Institute of Company Directors and a certified practising accountant.</p> | 1/2 ^b | \$2,500 |

| Member name and committee position | Qualifications, knowledge, skills or experience (or position details for departmental members) | No. of meetings attended/total no. of meetings | Total annual remuneration (GST exclusive) |
|--|---|--|---|
| Susan Page PSM Independent member | 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. Ms Page holds a Bachelor of Arts (Honours) and is an independent member on one other government entity Audit and Risk Committee. | 2/2 | \$7,189 |
| Brendan McRandle PSM Departmental member | Mr McRandle, Deputy Secretary, responsible for Aviation Futures Planning, and Chief Executive Officer of the National Water Grid Authority. | 2/2 | \$0 |
| Pauline Sullivan Departmental member | Ms Sullivan, Division Head, Content Division. | 2/2 | \$0 |

- a The Committee provides services to the National Faster Rail Agency and the North Queensland Water Infrastructure Authority on a cost recovery basis. Remuneration amounts include charges for these services.
- b Non-attendance at the 17 March 2020 meeting was due to the appointment not being confirmed until 13 March 2020.

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 statistics relating to employees of the department. We are also required to include these statistics for the previous reporting period.

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 2020 and 30 June 2019.

Table C.1 All ongoing employees, current 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 statistics on male and female employees.

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 Jakarta.

Table C.2 All non-ongoing employees, current 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 statistics on male and female employees.

Table C.3 All ongoing employees, previous report period (at 30 June 2019)^{a,b}

| | Male | | | Female | | | Total |
|--------------------------|------------|-----------|------------|------------|------------|------------|--------------|
| | Full time | Part time | Total | Full time | Part time | Total | |
| NSW | 17 | – | 17 | 29 | 7 | 36 | 53 |
| Qld | 1 | – | 1 | 4 | 2 | 6 | 7 |
| SA | – | – | – | 2 | 1 | 3 | 3 |
| Tas | 1 | – | 1 | 1 | – | 1 | 2 |
| Vic | 9 | – | 9 | 5 | 2 | 7 | 16 |
| WA | 7 | – | 7 | 4 | 3 | 7 | 14 |
| ACT | 534 | 30 | 564 | 615 | 147 | 762 | 1,326 |
| NT | – | 1 | 1 | 5 | – | 5 | 6 |
| Indian Ocean Territories | – | – | – | 1 | – | 1 | 1 |
| Norfolk Island | 1 | – | 1 | 2 | – | 2 | 3 |
| Overseas | 2 | – | 2 | 1 | – | 1 | 3 |
| Total | 572 | 31 | 603 | 669 | 162 | 831 | 1,434 |

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 statistics on male and female employees.

Table C.4 All non-ongoing employees, previous report period (at 30 June 2019)^{a,b}

| | Male | | | Female | | | Total |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Full time | Part time | Total | Full time | Part time | Total | |
| NSW | 1 | 1 | 2 | 2 | – | 2 | 4 |
| Qld | – | – | – | – | – | – | – |
| SA | – | – | – | – | – | – | – |
| Tas | – | – | – | – | – | – | – |
| Vic | 2 | – | 2 | 1 | – | 1 | 3 |
| WA | – | – | – | – | – | – | – |
| ACT | 10 | 3 | 13 | 22 | 4 | 26 | 39 |
| NT | – | – | – | – | – | – | – |
| Indian Ocean Territories | – | – | – | – | – | – | – |
| Norfolk Island | 1 | – | 1 | 2 | – | 2 | 3 |
| Overseas | 2 | – | 2 | – | – | – | 2 |
| Total | 16 | 4 | 20 | 27 | 4 | 31 | 51 |

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 statistics on male and female employees.

Public Service Act 1999 employees: classification levels, full-time and part-time status, gender, 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 2020 and 30 June 2019.

Table C.5 PS Act ongoing employees, current 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 statistics on male and female employees.

c Other includes the Secretary of the department.

Table C.6 PS Act non-ongoing employees, current 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 statistics on male and female employees.

Table C.7 PS Act ongoing employees, previous report period (at 30 June 2019)^{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 | 12 | – | 12 | 18 |
| SES 1 | 30 | 1 | 31 | 29 | – | 29 | 60 |
| EL 2 | 107 | 3 | 110 | 86 | 19 | 105 | 215 |
| EL 1 | 179 | 14 | 193 | 199 | 72 | 271 | 464 |
| APS 6 | 138 | 8 | 146 | 171 | 46 | 217 | 363 |
| APS 5 | 68 | 3 | 71 | 84 | 15 | 99 | 170 |
| APS 4 | 15 | 1 | 16 | 58 | 9 | 67 | 83 |
| APS 3 | 22 | – | 22 | 25 | – | 25 | 47 |
| APS 2 | – | 1 | 1 | 1 | 1 | 2 | 3 |
| APS 1 | 2 | – | 2 | 2 | – | 2 | 4 |
| Other ^c | 2 | – | 2 | – | – | – | 2 |
| Total | 572 | 31 | 603 | 669 | 162 | 831 | 1,434 |

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 statistics on male and female employees.

c Other includes the Secretaries of the former Department of Communications and the Arts and the former Department of Infrastructure, Transport, Cities and Regional Development.

**Table C.8 PS Act non-ongoing employees, previous report period
(at 30 June 2019)^{a,b}**

| | Male | | | Female | | | Total |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Full time | Part time | Total | Full time | Part time | Total | |
| SES 3 | – | – | – | – | – | – | – |
| SES 2 | 1 | – | 1 | – | – | – | 1 |
| SES 1 | – | – | – | – | – | – | – |
| EL 2 | 4 | – | 4 | 2 | – | 2 | 6 |
| EL 1 | 4 | 1 | 5 | 6 | 1 | 7 | 12 |
| APS 6 | 2 | 2 | 4 | 5 | – | 5 | 9 |
| APS 5 | 3 | – | 3 | 4 | – | 4 | 7 |
| APS 4 | 2 | – | 2 | 10 | 1 | 11 | 13 |
| APS 3 | – | 1 | 1 | – | – | – | 1 |
| APS 2 | – | – | – | – | 1 | 1 | 1 |
| APS 1 | – | – | – | – | 1 | 1 | 1 |
| Other | – | – | – | – | – | – | – |
| Total | 16 | 4 | 20 | 27 | 4 | 31 | 51 |

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 statistics on male and female employees.

**Table C.9 PS Act Aboriginal and/or Torres Strait Islander employment
(at 30 June 2019 and 30 June 2020)^a**

| | 2018–19 | 2019–20 |
|--------------|-----------|-----------|
| Ongoing | 46 | 41 |
| Non-ongoing | – | 3 |
| Total | 46 | 44 |

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 2019–20. No performance bonuses were paid during the reporting period.

**Table C.10 PS Act employment arrangements, current report period
(at 30 June 2020)^a**

| | SES | Non-SES | Total |
|--|-----|---------|-----------------------------|
| Individual determination under subsection 24(1) of the PS Act 1999 | 82 | – | 82 |
| Department of Infrastructure and Regional Development Enterprise Agreement 2016 | – | 1,422 | 1,422 (213) ^b |
| Subsection 24(1) Determination (Salaries and Allowances for Non-SES employees) 2019/10 | – | 1,422 | 1,422 |

^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/maximum), current report period (at 30 June 2020)^a

| | Minimum salary | Maximum salary |
|-------|----------------|----------------|
| SES 3 | \$318,362 | \$368,787 |
| SES 2 | \$247,771 | \$294,433 |
| SES 1 | \$199,653 | \$259,590 |
| EL 2 | \$125,220 | \$195,623 |
| EL 1 | \$106,141 | \$145,344 |
| APS 6 | \$82,635 | \$106,154 |
| APS 5 | \$74,667 | \$83,145 |
| APS 4 | \$66,881 | \$75,993 |
| APS 3 | \$60,363 | \$65,970 |
| APS 2 | \$52,909 | \$56,294 |
| APS 1 | \$48,143 | \$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 1999.

Table C.12 All staff employed under the Indian Ocean Territories Administration, by employment type, current and previous report period^{a,b}

| | 30 June 2019 | 30 June 2020 |
|--------------|--------------|--------------|
| Ongoing | 72 | 67 |
| Non-ongoing | 37 | 40 |
| Casual | 49 | 62 |
| Total | 158 | 169 |

^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 APS SES market while remaining consistent with the objectives of the Workplace Bargaining Policy 2018. The department monitors and evaluates the competitiveness of SES remuneration annually through the results of the APS Remuneration Report.

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.

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 | From | To | Short-term benefits | | Post-employment benefits | | Other long-term benefits | | | Total remuneration |
|--|------------------|----------------------|------------|---------------------|-------------------------------|------------------------------|--------------------|--------------------------|----------------------|---------|--------------------|
| | | | | Base salary | Other benefits and allowances | Superannuation contributions | Long service leave | Other long-term benefits | Termination benefits | | |
| Simon Atkinson ¹ | Secretary | 11/11/2019 | 30/06/2020 | 433,010 | – | 44,612 | 26,956 | – | – | – | 504,578 |
| Michael Mrdak AO ^{1,3} | Secretary | 1/07/2019 | 31/01/2020 | 365,305 | – | 54,425 | 21,020 | – | – | 667,553 | 1,108,303 |
| Dr Steven Kennedy PSM ¹ | Secretary | 1/07/2019 | 1/09/2019 | 133,140 | – | 14,851 | 15,633 | – | – | – | 163,624 |
| Pip Spence PSM ² | Deputy Secretary | 1/07/2019 | 30/06/2020 | 440,455 | – | 67,770 | 14,345 | – | – | – | 522,569 |
| Dr Rachel Bacon | Deputy Secretary | 1/07/2019 | 30/06/2020 | 350,408 | – | 64,413 | 10,390 | – | – | – | 425,212 |
| Richard Eccles ^{1,3} | Deputy Secretary | 1/07/2019 | 14/04/2020 | 318,553 | – | 51,948 | 19,988 | – | – | 383,770 | 774,259 |
| Richard Windeyer ³ | Deputy Secretary | 1/07/2019 | 30/06/2020 | 336,147 | – | 58,296 | 16,456 | – | – | – | 410,899 |
| Stephen Amott (a/g) PSM ^{1,3} | Deputy Secretary | Acted multiple times | | 119,966 | – | 19,806 | 2,686 | – | – | – | 142,458 |
| Christine Dacey ¹ | Deputy Secretary | 3/02/2020 | 30/06/2020 | 134,690 | – | 22,500 | 6,273 | – | – | – | 163,462 |
| Luke Yeaman ¹ | Deputy Secretary | 1/07/2019 | 14/05/2020 | 205,673 | – | 60,297 | 15,068 | – | – | – | 281,037 |

| Name | Position title | From | To | Short-term benefits | | Post-employment benefits | | Other long-term benefits | | | Total remuneration |
|-----------------------------------|-------------------------|------------|------------|------------------------|-------------------------------|------------------------------|--------------------|--------------------------|----------------------|----------|--------------------|
| | | | | Base salary allowances | Other benefits and allowances | Superannuation contributions | Long service leave | Other long-term benefits | Termination benefits | | |
| David Hallinan ¹ | Deputy Secretary | 23/03/2020 | 30/06/2020 | 97,917 | – | 14,245 | 12,274 | – | – | – | 124,436 |
| Brendan McRandle PSM ¹ | Deputy Secretary | 2/09/2019 | 30/06/2020 | 325,103 | – | 42,608 | 13,648 | – | – | – | 381,359 |
| Sarah Vandenbroek ^{1,3} | Chief Operating Officer | 30/09/2019 | 31/01/2020 | 96,918 | – | 14,794 | 4,477 | – | – | – | 116,189 |
| Jo Talbot ^{1,3} | Chief Operating Officer | 1/07/2019 | 11/10/2019 | 76,752 | – | 13,067 | 2,879 | – | – | – | 92,697 |
| Total | | | | 3,434,036 | – | 543,633 | 182,092 | – | 1,051,323 | – | 5,211,084 |

Notes:

- 1 Occupied a key management personnel position for part of the financial year.
- 2 Acted as Secretary for part of the financial year.
- 3 Includes remuneration paid under the former Department of Communications and the Arts.

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 other benefits and allowances | Average super-annuation contributions | Average long-service leave | Average other long-term benefits | | | |
| \$0 – \$220,000 | 29 | 99,909 | 291 | 17,476 | 5,585 | – | 3,188 | 126,449 | |
| \$220,001 – \$245,000 | 11 | 196,294 | 209 | 32,691 | 6,466 | – | – | 235,659 | |
| \$245,001 – \$270,000 | 20 | 208,534 | 1,213 | 36,085 | 7,804 | – | 6,493 | 260,129 | |
| \$270,001 – \$295,000 | 14 | 225,725 | 1,149 | 40,718 | 7,736 | – | 4,904 | 280,232 | |
| \$295,001 – \$320,000 | 11 | 238,270 | 1,656 | 43,826 | 8,281 | – | 13,542 | 305,575 | |
| \$320,001 – \$345,000 | 5 | 242,673 | 1,102 | 42,874 | 8,393 | – | 35,447 | 330,488 | |
| \$345,001 – \$370,000 | 2 | 289,110 | – | 54,638 | 8,771 | – | – | 352,520 | |
| \$370,001 – \$395,000 | 1 | 307,906 | – | 54,378 | 10,806 | – | – | 373,090 | |
| \$520,000 – \$545,000 | 1 | 243,792 | 403 | 43,282 | 8,602 | – | 235,498 | 531,576 | |

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 (aside from 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 employees

| 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 other benefits and allowances | Average super-annuation contributions | Average long-service leave | Average other long-term benefits | Average termination benefits | | |
| \$245,001 – \$270,000 | 2 | 192,299 | 35,616 | 24,642 | 3,880 | – | – | 256,437 | |
| \$270,001 – \$295,000 | 1 | 120,572 | 134,856 | 25,435 | 2,577 | – | – | 283,439 | |
| \$295,001 – \$320,000 | 1 | 135,477 | 127,426 | 31,847 | 4,655 | – | – | 299,405 | |
| \$320,001 – \$345,000 | 1 | 138,314 | 161,444 | 29,119 | 3,749 | – | – | 332,626 | |

Note: 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 (aside from long service leave).

Appendix E: Advertising and market research

During 2019–20, the department conducted the following 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 2019–20, as required by section 311A of the [Commonwealth Electoral Act 1918](#).

Table E.1 Advertising entities

| Organisation name | Purpose | Amount of payment (excluding GST) |
|-----------------------------------|-------------------|-----------------------------------|
| BCM | Creative services | \$252,800 |
| Total advertising entities | | \$252,800 |

Table E.2 Market research organisations

| Organisation name | Purpose | Amount of payment (excluding GST) |
|--|----------------------------------|-----------------------------------|
| AMR Interactive (now trading as Colmar Brunton) | Evaluation research | \$65,000 |
| Hall & Partners | Tracking and evaluation research | \$88,412 |
| JWS Research | Developmental market research | \$250,000 |
| JWS Research | Concept testing research | \$99,700 |
| ORIMA Research | Concept and refinement testing | \$148,666 |
| Snapcracker Research and Strategy | Developmental research | \$65,000 |
| Total market research organisations | | \$716,778 |

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 | \$69,699 |
| Universal McCann | Campaign media buying and placement services | \$3,027,782 |
| Total media advertising | | \$3,097,481 |

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. These 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 which, along with centralised collection points, allows for an increased uptake of recycling and organic waste disposal options and a reduction in the department's environmental footprint — a video education program to improve waste recycling was also launched this year.

The department uses 4% green energy across its portfolio and has achieved a National Australian Built Environment Rating System (NABERS) energy rating of 5 stars at several locations. Total energy consumption in 2019–20 was 8,782 gigajoules. As a result of staff working from home due to machinery-of-government changes that came into effect on 1 February 2020 and also 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 2019–20.

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 faced the challenges of the bushfire crisis, including the smoke and hazardous air quality it brought, and in our response to the COVID-19 pandemic.

More generally, in 2019–20, we continued our focus on prevention strategies, through our health, wellbeing and early-intervention programs. Initiatives included:

- > an early-intervention approach and associated fund
- > centralised management of reasonable workplace adjustment
- > Healthy Living Month and Safe Work Month activities
- > development of resources addressing bullying and harassment
- > establishment and launch of a Mental Health and Wellbeing Network.

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 outcome | |
|---|----------|
| Incidents notified to Comcare | 7 |
| Notices received from Comcare | Nil |
| Inspector reports issued by Comcare | 3 |
| Provisional improvement notices issued by health and safety representatives | Nil |
| Incidents registered on the reporting system ^a | 123 |
| Corrective actions identified in the reporting system completed | 98% |
| Accepted workers' compensation claims | 14 |
| Claims for lost time | 5 |
| Total weeks lost from new claims through incapacity | 88.81 |
| Average time off work per injury (weeks) | 6.34 |
| Average cost per accepted compensation claim | \$25,341 |
| Employees using the Employee Assistance Program | 11.7% |
| Days of unscheduled absence per full-time equivalent employed ^b | 11 |

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 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 2019–20, Mr Peter Lewis was reappointed as a director to the ABC.

Appendix I: Aviation legislation

Reports under aviation legislation

Section 29(1) of the Air Navigation Act 1920 requires the department to report annually on administration and operation of the Act and its regulations. This includes other civil aviation matters the Secretary considers should be included in the report.

The department continued to regulate scheduled international air services in accordance with the Air Navigation Act and associated regulations. In 2019–20, the department granted 481 timetable approvals, 1,256 timetable variations, 26 non-scheduled flight approvals and 6 approvals for new international airline licences.

Environment authorisations and protection orders

Paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997 requires the department to report notification of environmental authorisations.

The department can authorise an airport to undertake action 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. No environmental authorisations took place during the reporting period.

The department may make an environment protection order under part 7, division 1 of the Airports (Environment Protection) Regulations, 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.

In 2019–20, no reportable actions were made under either of these Acts, and there were no breaches of these Acts.

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: Protection of movable cultural heritage

This report is made under section 47 of the Protection of Movable Cultural Heritage Act 1986.

Table K.1 details the actions taken under this Act.

Table K.1 Actions taken under the Protection of Movable Cultural Heritage Act 1986

| Action | 2018–19 | 2019–20 |
|--|---|---------|
| Export Permit — permanent — issued | 36 | 24 |
| Export Permit — temporary — issued | 8 | 3 |
| Export Permit — permanent — refused | 0 | 0 |
| Certificate of Exemption — issued | 19 | 5 |
| National Cultural Heritage Account applications approved | 4 | 4 |
| Unlawful imports — return of protected foreign cultural property | 1 ammonite fossil returned to the People's Democratic Republic of Algeria | 0 |

Appendix L: 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 former Department of Communications and the Arts, the former Department of Infrastructure, Transport, Cities and Regional Development, and the Department of Infrastructure, Transport, Regional Development and Communications.

For 2019–20, our legal expenditure was:

- > \$5,857,145 for total external legal services expenditure
- > \$4,106,807 for total internal legal services expenditure

Appendix M: Material errors in the 2018–19 annual reports

There are no material errors to report in the 2018–19 annual reports of either former department.

PART 7

Reference information

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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 Public Service Act 1999. |
| Black spot | A road site identified as a high-risk area for serious crashes. |
| Carriers | Holders of a telecommunications carrier licence. |
| Classification Board | The body established under the Classification (Publications, Films and Computer Games) Act 1995 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. |
| Corporate governance | The process by which entities are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control. |
| Division | An organisational unit within the department, which is managed by an executive director and reports to the Secretary. |

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| 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. |
| Mobile black spot | A location with poor or non-existent mobile coverage. |
| 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. |
| 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. |

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| 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. |
| 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. |
| 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 |
| AO | Order of Australia |
| APS | Australian Public Service |
| BITRE | Bureau of Infrastructure, Transport and Regional Economics |
| btkm | billion tonne kilometres |
| CO ₂ | carbon dioxide |
| EL | Executive Level |
| EME | electromagnetic energy |
| FSSC | Financial Statements Sub-Committee |
| GDP | gross domestic product |
| GHz | gigahertz |
| GST | goods and services tax |
| IT | information technology |
| ITU | International Telecommunication Union |
| NBN | National Broadband Network |
| NDIS | National Disability Insurance Scheme |
| NRS | National Relay Service |
| NSW | New South Wales |
| NT | Northern Territory |

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|---------------|---|
| ONRSR | Office of the National Rail Safety Regulator |
| PBS | Portfolio Budget Statements |
| PGPA | Public Governance, Performance and Accountability |
| PIO | Postal Industry Ombudsman |
| PS Act | Public Service Act 1999 |
| PSM | Public Service Medal |
| Qld | Queensland |
| RDA | Regional Development Australia committee |
| RIB | Regional Intelligence Bulletin |
| SA | South Australia |
| SBS | Special Broadcasting Service |
| SES | Senior Executive Service |
| Tas | Tasmania |
| TIO | Telecommunications Industry Ombudsman |
| TV | television |
| UPU | Universal Postal Union |
| USO | Universal Service Obligation |
| Vic | Victoria |
| WA | Western Australia |
| WRC-19 | World Radiocommunication Conference 2019 |

List of requirements

Table R.1 (List of requirements reproduces the table set out in Schedule 2 of the PGPA Rule)

| 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 | 286 |
| 17AJ(c) | Glossary of abbreviations and acronyms | Mandatory | Part 7 | 275–276 |
| 17AJ(d) | List of requirements | Mandatory | Part 7 | 277–285 |
| 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 | 6–10 |
| 17AD(b) | Overview of the entity | | | |
| 17AE(1)(a)(i) | A description of the role and functions of the entity | Mandatory | Part 2 | 19 |
| 17AE(1)(a)(ii) | A description of the organisational structure of the entity | Mandatory | Part 2 | 23–25 |
| 17AE(1)(a)(iii) | A description of the outcomes and programs administered by the entity | Mandatory | Part 2 | 21 |

| 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 | 20 |
| 17AE(1)(aa)(i) | Name of the accountable authority or each member of the accountable authority | Mandatory | Part 2 | 19 |
| 17AE(1)(aa)(ii) | Position title of the accountable authority or each member of the accountable authority | Mandatory | Part 2 | 19 |
| 17AE(1)(aa)(iii) | Period as the accountable authority or member of the accountable authority within the reporting period | Mandatory | Part 2 | 19 |
| 17AE(1)(b) | An outline of the structure of the portfolio of the entity | Portfolio departments — mandatory | Part 2 | 26–27 |
| 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 | | – |
| 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 | 45–124 |
| 17AD(c)(ii) | Report on financial performance | | | |
| 17AF(1)(a) | A discussion and analysis of the entity's financial performance | Mandatory | Part 1 | 11–14 |
| 17AF(1)(b) | A table summarising the total resources and total payments of the entity | Mandatory | Appendix A | 220–238 |
| 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 | Parts 1 and 5 | 11, 127–216 |

| 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 | 33 |
| 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 | 30–34 |
| 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 | 32 |
| 17AG(2A)(b) | The name of each member of the entity's audit committee | Mandatory | Part 3 | 239–244 |
| 17AG(2A)(c) | The qualifications, knowledge, skills or experience of each member of the entity's audit committee | Mandatory | Part 3 | 239–244 |
| 17AG(2A)(d) | Information about the attendance of each member of the entity's audit committee at committee meetings | Mandatory | Part 3 | 239–244 |
| 17AG(2A)(e) | The remuneration of each member of the entity's audit committee | Mandatory | Part 3 | 239–244 |

| 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 | 35 |
| 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 | 35 |
| 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 | 36–37 |
| 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 | 245–248 |
| 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 | 249–252 |
| 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 Public Service Act 1999 | Mandatory | Part 3 and Appendix C | 36, 253 |

| 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 | 253 |
| 17AG(4)(c)(ii) | The salary ranges available for APS employees by classification level | Mandatory | Appendix C | 254 |
| 17AG(4)(c)(iii) | A description of non-salary benefits provided to employees | Mandatory | Part 3 | 37 |
| 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 | 40 |
| Purchasing | | | | |
| 17AG(6) | An assessment of entity performance against the Commonwealth Procurement Rules | Mandatory | Part 3 | 40 |
| 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 | 41 |

| 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 | 41 |
| 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 | 41 |
| 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 | 42 |
| 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 | – |

| PGPA Rule reference | Description | Requirement | Part | Page |
|--|--|--------------------------|------------|---------|
| 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 | 42 |
| 17AG(10)(b) | An outline of the ways in which the procurement practices of the entity support small and medium enterprises | Mandatory | Part 3 | 42–43 |
| 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 | 43 |
| Financial statements | | | | |
| 17AD(e) | Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act | Mandatory | Part 5 | 127–216 |
| Executive remuneration | | | | |
| 17AD(da) | Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule | Mandatory | Appendix D | 255–259 |
| 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 | 260–261 |

| PGPA Rule reference | Description | Requirement | Part | Page |
|---------------------|--|--------------------------|----------------|---------|
| 17AH(1)(a)(iii) | If the entity did not conduct advertising campaigns, a statement to that effect | If applicable, Mandatory | Not applicable | – |
| 17AH(1)(b) | A statement that “ <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].</i> ” | If applicable, Mandatory | Parts 1 and 3 | 14, 43 |
| 17AH(1)(c) | Outline of mechanisms of disability reporting, including reference to website for further information | Mandatory | Part 3 | 39 |
| 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 | 33 |
| 17AH(1)(e) | Correction of material errors in previous annual report | If applicable, mandatory | Appendix M | 270 |
| 17AH(2) | Information required by other legislation — see below | Mandatory | | |
| | Advertising and Market Research (section 311A) of the Commonwealth Electoral Act 1918) and statement on advertising campaigns | | Appendix E | 260 |
| | Ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999) | | Appendix F | 262 |
| | Work health and safety update (schedule 2, part 4 of the Work Health and Safety Act 2011) | | Appendix G | 263–264 |
| | Report under section 24Y of the Australian Broadcasting Corporation Act 1983 | | Appendix H | 265 |
| | Information required under: <ul style="list-style-type: none"> > paragraph 5.15(2) of the Airports (Environment Protection) Regulations 1997 > section 29 of the Air Navigation Act 1920 > section 20 of the Aircraft Noise Levy Collection Act 1995 | | Appendix I | 266 |
| | An annual report on the operation of the National Land Transport Act 2014, as required under section 94 of the National of the National Land Transport Act 2014 | | Appendix J | 267 |

| PGPA Rule reference | Description | Requirement | Part | Page |
|---------------------|---|-------------|------------|------|
| | Report under section 47 of the Protection of Movable Cultural Heritage Act 1986 | | Appendix K | 268 |
| | Legal services expenditure (paragraph 11.1(ba) of the Legal Services Directions 2017) | | Appendix L | 269 |

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