



Australian Government

Department of Communications and the Arts



Annual Report 2018–19

COMMS & ARTS



Australian Government

Department of Communications and the Arts



Annual Report 2018–19

Publication details

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Letter of transmittal



Australian Government
Department of Communications and the Arts

Secretary

The Hon Paul Fletcher
Minister for Communications, Cyber Safety and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Annual Report of the Department of Communications and the Arts for the year ended 30 June 2019. The report has been prepared in accordance with the provisions of section 46 of the Public Governance, Performance and Accountability Act 2013 for your presentation to parliament.

The following legislation specify additional reporting requirements, which are met in this report:

- Australian Broadcasting Corporation Act 1983 (section 24Y)
- Commonwealth Electoral Act 1918 (section 311A)
- Environment Protection and Biodiversity Conservation Act 1999 (section 516A)
- Protection of Movable Cultural Heritage Act 1986 (section 47)
- Work Health and Safety Act 2011 (Schedule 2, Part 4)

Our fraud control arrangements comply with section 10 of the Public Governance, Performance and Accountability Rule and the Commonwealth Fraud Control Framework. In accordance with the Commonwealth Fraud Control Framework, I certify that fraud control plans have been prepared and implemented and regular fraud risk assessments undertaken for the department; 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 for the department; and all reasonable measures have been taken to deal appropriately with fraud relating to the department.

Yours sincerely

A stylized blue ink signature of Mike Mrdak.

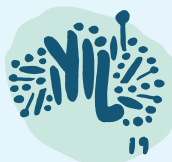
Mike Mrdak
18 September 2019

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Highlights



Promoted the International Year of Indigenous Languages 2019

in celebration of Australia's Indigenous languages



National Collecting Institutions Touring and Outreach Program

16 exhibitions projected to reach an audience of 645,000



10.4 million in-person visits

to the collections of our national cultural institutions



26 Festivals Australia and 367 Regional Australia Fund grants promoted participation in arts for regional Australia



Resale Royalty Scheme

Reached \$7.2 million in royalties for 1821 artists from 19,120 resales of work



93 Location and Post, Digital and Visual Effects Offsets

final certificates issued to eligible productions, with a rebate of around \$176 million



126 actors certified for visas under the Foreign Actor Certification Scheme



Provided \$25.7 million to support languages and arts activities through the Indigenous Languages and Arts program

National Arts + Disability Strategy

+ 676 engagements to inform a new National Arts and Disability Strategy



1056 students completed courses at elite performing arts training organisations



Prime Minister's Literary Awards

Celebrating great Australian literature by supporting 35 authors and illustrators



\$21.7 million over three years from 2018–19

for national cultural institutions to mark 250 years since **James Cook's first Pacific voyage**



106 organisations added to the **Register of Cultural Organisations**



481 donations under the **Cultural Gifts Program**

Over 640,000 Australians employed

in creative and cultural industries at the most recent census in 2016



Leased 5793 works from the **Artbank** collection



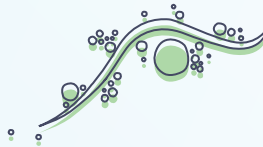
Supported Fox Sports to broadcast **5850 hours** of women's, niche and emerging sports



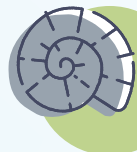
Australia re-elected to the ITU Council at the **International Telecommunication Union Plenipotentiary** in November 2018



\$21.8 million in lending rights payments made to **Australian authors, illustrators and publishers**



Facilitated the return of 98 Australian Indigenous ancestors from eight collecting institutions in Sweden, the United Kingdom and Germany



Returned an ammonite fossil to the Algerian Government under the **Protection of Movable Cultural Heritage Act 1986**



Continued to oversee the introduction of new governance arrangements for **.au Domain Administration Ltd (auDA)**



Our research bureau, the Bureau of Communications and the Arts, published four new papers, helping to provide an evidence base for portfolio policy



Supported local journalism
through the **Regional and Small Publishers Jobs and Innovation Package**



Banned all online lottery and keno betting services



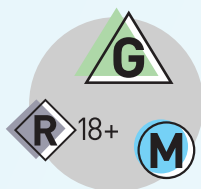
A new regional connectivity program
to grow regional business and digital services
announced for 2019–20



\$19.5 million
to support
community radio



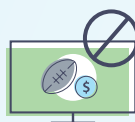
Keeping our Children Safe Online
package announced in
December 2018



Made over 320,000
classification decisions
including **317,550** through
the **International Age Rating Coalition Tool**



New protections for the disability, educational and cultural sectors assisted over
9500 schools and 41 universities



Banned online gambling promotions during TV sporting events in **children's viewing hours**



Independent reviews of ABC and SBS
found competitive neutrality
obligations have been met
and both are considering the
efficiency review



Review of Australian Broadcasting Services in the Asia Pacific
identified opportunities for
Australia to provide more
media internationally



Review of the online safety regulatory framework
Five independent review recommendations made to
improve safety online

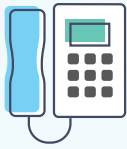


eSafety Office

- › Received **531 cyberbullying complaints**
- › Conducted **12,126 investigations** into potential prohibited online content
- › **90%** of cases of image-based abuse material removed on request



Blocked copyright infringing activities
in **975 overseas locations**



\$2.2 million for the Australian Communications Consumer Action Network (ACCAN) to represent the views of consumers on communications issues



725 base stations now complete under the **Mobile Black Spot Program**, including **155 connected** in 2018–19



Triple Zero Emergency Completed an investigation of May 2018 outages



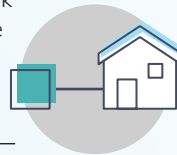
National Relay Service Around **1.2 million** calls connected for hearing or speech impaired callers



Preparing for 5G Four companies win valuable 5G spectrum at auction



Australia Post Delivered over 40 million parcels in December 2018



NBN construction increased the number of premises that could order an NBN service by **2.9 million** — the biggest construction year to date



Maintained our commitment to telecommunications for all Australians with **Universal Service Obligation**



Over 9.4 million calls received to **Triple Zero**



An estimated 500,000 people relied on **Viewer Access Satellite Television (VAST)** each day — our review of **VAST** recommended arrangements be maintained



Regional Telecommunications Review

10 independent review recommendations made to improve regional telecommunications



23 of 27 recommendations completed to implement the **government's response to the ACMA review** including cross-appointment between Boards of the ACCC and the ACMA, the Statement of Expectations to the ACMA and its Statement of Intent in response



Part 1: Overview

This part of the report provides a review of the year by the Secretary, information about the department — ministerial arrangements, our role and functions, purpose, outcomes and programs, and structure — and an overview of our portfolio.

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Secretary's review



I am very proud to present the 2018–19 Department of Communications and the Arts Annual Report. The report shows the outstanding work in the portfolio for Australian communities. Our purpose is to foster an environment in which all Australians can access and benefit from communications services, creative experiences and culture. This report highlights our significant achievements this year including our performance and financial results.

Developments for the department and portfolio in 2018–19

In May 2019, there were some key changes to the portfolio and department. We welcomed new ministers: the Hon Paul Fletcher MP, Minister for Communications, Cyber Safety and the Arts; and the Hon Mark Coulton MP, Minister for Regional Services, Decentralisation and Local Government.

At the same time we farewelled Senator the Hon Mitch Fifield, our Minister since September 2015; and Senator the Hon Bridget McKenzie, our Minister since December 2017.

The Museum of Australian Democracy at Old Parliament House also began preparations to move from our portfolio into the Prime Minister and Cabinet portfolio from 1 September 2019.

Overview of performance results

Connectivity

Across the globe, connectivity is rapidly transforming the way we live and work and is becoming increasingly critical to the economy and our wellbeing. Our performance results for communications connectivity are presented in detail in Part 2 of this report. This year's results show Australians have never been better connected and have more communications options available to them than ever before. Our efforts — and, of course, the quality and skills of our Australian industry — are helping to ensure Australia's communication networks effectively meet consumer demand, support communities and help build a strong economy for Australia.



Increased connectivity goes hand in hand with more online risk and the need to keep people safe. We have increased our efforts to improve cyber safety during 2018–19. In December 2018, the government announced a new **Keeping our Children Safe Online** package, which included an education and support program for those caring for young children and a new research program to inform future cyber safety initiatives. In May 2019, **Minister Fletcher became Australia's first federal government minister for cyber safety**. This recognises the key need for public interest protection for our community in the online world.

In March 2019, the terror attacks in Christchurch resulted in government establishing the **Taskforce to Combat Terrorist and Extreme Violent Material Online**, a joint initiative with industry, charged with providing the government with advice on tangible and concrete measures to tackle the dissemination of this type of abhorrent content online. We co-chaired the taskforce with the Department of the Prime Minister and Cabinet. The taskforce comprised representatives from industry including Google, Facebook, Twitter, Microsoft, Amazon, Optus, Telstra, TPG, Vodafone and Communications Alliance, along with relevant Australian Government agencies and departments.

The final consensus report of the taskforce was publicly released on 30 June 2019 and identified actions under five key pillars of prevention, transparency, deterrence, detection and removal, and capacity building. The report articulated actions to reduce online harms associated with terrorist and extreme violent content that build on the initiatives already taken by industry and government following the attacks. The work of the taskforce has supported Australia's forward-leaning stance in international forums, in advocating with international counterparts for this issue to be at the forefront of multilateral discussions, and in pushing for firm commitments from industry for improvement. With these and other initiatives, the government is seeking to make our digital environment safer for the millions of Australians engaging online every day, and we will continue to play a lead role in delivering on this objective.

We also completed significant reviews of Australia's digital online safety legislation and regulation, and are working to implement an updated eSafety regulatory regime.



**We increased our efforts
to improve cyber safety
during 2018–19**



The department continued its oversight of the Australia's largest infrastructure project, the **National Broadband Network (NBN)**, which is on track to deliver high-speed broadband to every home and business by June 2020. During 2018–19, the number of premises able to order a service increased by 2.9 million. This took the total number of premises ready to connect to the NBN to more than 9.9 million at 30 June 2019. To improve mobile phone coverage, 155 new mobile base stations came online in 2018–19, a direct result of our **Mobile Black Spot Program**. We've also kept the spotlight on supporting investment in the future of communications. For example, the imminent rollout of **5G** represents a transformative step change from previous generations of mobile technology and takes us closer to global hyper connectivity than ever before. During the year, we took a number of steps to support industry to deliver 5G in a timely manner, including holding **spectrum auctions** in November and December 2018 and continuing our efforts to scale back outdated regulations that are no longer fit-for-purpose.

We released two major reports in December 2018, with the tabling of the **Regional Telecommunications Independent Review Committee** report and the release of the summary report on the development of the **Universal Service Guarantee (USG)**. The 2018 Regional Telecommunications Independent Review Committee received 380 submissions from the public and we facilitated 22 face-to-face consultations across Australia, hearing first-hand how Australians living in regional, rural and remote locations use telecommunications services. The USG summary report was the culmination of 12 months' work and concluded the USG is currently best delivered by relying primarily on the NBN for broadband and integrating the current **Universal Service Obligation (USO)** arrangements. We also selected a new provider for the **National Relay Service (NRS)** to ensure this important service can still be delivered to those who need it. Transition to the new service provider will take place in 2019–20.

One of the many indications that Australians are truly embracing a digital future is the decline in letter volumes, which has continued to fall since peak deliveries in 2007–08. **Australia Post** is instead managing record numbers of parcel deliveries as a result of online transactions — in December alone, Australia Post delivered a record 40.0 million parcels, up 12% on December 2017.

We have continued our active involvement in international forums. In September 2018, we led the Australian delegation to the Extraordinary Congress of the **Universal Postal Union (UPU)** in Addis Ababa, Ethiopia. We secured agreement to defer until 2022 proposed additional costs on net importing countries, like Australia. In October to November 2018, we led the Australian delegation to the **International Telecommunication Union (ITU) Plenipotentiary Conference** in Dubai, United Arab Emirates. We were successful in securing Australia's re-election to the **ITU Council**, as well as ensuring that the conference outcomes aligned with Australia's policy objectives on international telecommunications. Holding a position on the ITU Council allows us to influence the ITU's strategic direction on international information and communications technology policies and ensures accountability and good governance of the funds that Australia contributes as part of our treaty obligations with the ITU.



Creativity and culture

Throughout the year, the department continued its efforts to support inclusiveness and growth in Australia's creative sector, and protect and promote Australian content and culture. Our performance results for creativity and culture are presented in Part 2 of this report.

As well as making a profound contribution to our national identity and improving social inclusion outcomes, our creative sector is proving itself to be a significant and growing contributor to Australia's economy. In October 2018 we released a major report, [Cultural and creative activity in Australia 2008–09 to 2016–17](#), which showed that cultural and creative activity contributed \$111.713 billion to the economy in 2016–17.

This year is the **International Year of Indigenous Languages (IY2019)**, which puts a spotlight on preserving and promoting Aboriginal and Torres Strait Islander languages. Our action plan for IY2019 includes supporting the revitalisation and maintenance of Indigenous Australian languages, improving access to education, information and knowledge in and about these languages, and promoting Aboriginal and Torres Strait Islander knowledge and values.

We also made it a priority to start the process of renewing the **National Arts and Disability Strategy**. To this end we held face-to-face meetings in a range of locations around Australia and sought feedback through a survey, which provided unique and important quantitative data about the experience of people with disability accessing and participating in the arts. In total, the consultation involved approximately 700 engagements with people with disability, carers and organisations.

During the year we continued to manage dozens of important arts investment and incentive programs including:

- › the new **Location Incentive grant program** for international screen productions, which was announced in May 2018. Support for five productions was announced during the reporting period; these projects are expected to invest over \$400 million in our economy, create more than 11,000 jobs and use the services of some 3900 businesses
- › the **Resale Royalty Scheme**, which enables Australian artists to receive royalties from eligible resales of their work
- › the **Regional Arts Fund**, which supports sustainable cultural development in regional, remote and rural communities in Australia



**This year is the International
Year of Indigenous
Languages (IY2019)**



The diversity and reach of our arts and cultural programs is impressive and we are seeing the real impact they are having in creative settings right across Australia.

Copyright remained a key part of the government's content framework, providing legal protection for people who express original ideas and information in certain forms. The results from our latest annual consumer survey on online copyright infringement, conducted in March 2019, found recent changes to the copyright framework are having a positive effect — lawful consumption of digital files is on the rise, while unlawful consumption is decreasing for television shows and movies.

The national broadcasters, **ABC** and **SBS**, continue to be important contributors to our media sector. During 2018–19, we completed an efficiency review of the broadcasters, and supported the Inquiry into the Competitive Neutrality of the National Broadcasters. The inquiry found the national broadcasters are meeting the 'best endeavours' approach to the Competitive Neutrality Policy in relation to their business activities (that is, where there is user charging). It also found there is room for improvement in transparency and internal procedures, and we look forward to working with the national broadcasters to implement these. More broadly, we also continued to implement the **media sector** reforms including administering the Regional and Small Publishers Cadetship Program, the Regional Journalism Scholarship Program and the Supporting Under-represented Sports program, which formed part of the 2017 Broadcasting and Content Reform Package.

Demonstrating departmental efficiency

In this year's performance reporting, we've introduced information about departmental efficiency. Results against our efficiency measures demonstrate we are delivering more than 90% of our administered items on time and on budget.

Overview of financial results

The department's net cost of services for 2018–19 was \$113.0 million, with revenue from government of \$107.8 million, resulting in an operating deficit of \$5.2 million. The operating result excluding depreciation was a small surplus of \$16,000.

Administered expenses decreased by \$19.6 million reflecting a reduction in grants paid under the Mobile Black Spot Program due to delays in base station activations during the year. Administered income increased by \$244.0 million primarily as a result of interest received from the government's loan to NBN Co, which commenced in 2017–18.



Table 1.1 Summary of departmental financial performance and position

	2017–18 \$ million	2018–19 \$ million	Change from last year	
Employee and supplier expenses	109.1	111.8	2.5%	▲
Depreciation	3.9	5.2	34.0%	▲
Other expenses	11.6	3.3	(71.2%)	▼
Total expenses	124.6	120.4	(3.4%)	▼
Revenue from government	104.2	107.8	3.4%	▲
Other revenue	7.3	7.0	(4.1%)	▼
Gains	18.7	0.4	(97.8%)	▼
Total income	130.2	115.2	(11.5%)	▼
Net cost of services	98.5	113.0	14.7%	▲
Operating result (loss)	5.6	(5.2)	(193.1%)	▼
Financial assets	25.9	25.0	(3.6%)	▼
Non-financial assets	66.5	68.1	2.3%	▲
Liabilities	37.4	39.7	6.1%	▲
Net assets	55.0	53.4	(3.0%)	▼

Note: Table totals may not sum due to rounding.



Table 1.2 Summary of administered financial performance and position

	2017–18 \$ million	2018–19 \$ million	Change from last year	
Grants	286.7	249.6	(12.9%)	▼
Other expenses	409.0	400.5	(2.1%)	▼
Payments to corporate Commonwealth entities	1,762.9	1,788.9	1.5%	▲
Total expenses	2,458.6	2,439.0	(0.8%)	▼
Sale of goods and rendering of services	3.7	3.6	(1.9%)	▼
Interest	71.9	353.4	391.5%	▲
Dividends	78.5	42.2	(46.2%)	▼
Other revenue	9.1	8.0	(12.1%)	▼
Total income	163.2	407.2	149.5%	▲
Financial assets	32,064.5	34,483.2	7.5%	▲
Non-financial assets	207.3	196.7	(5.1%)	▼
Liabilities	390.5	360.7	(7.6%)	▼
Net assets	31,881.3	34,319.2	7.6%	▲

Note: Table totals may not sum due to rounding.

Outlook

Our 2019–20 Corporate Plan provides information on our purposes, capability and operating environment for the period 2019–20 to 2022–23. It outlines what we will do to support the Australian Government's policy, regulatory and program settings, which have a broad influence on enabling economic and social activity. Connectivity, creativity and culture are at the centre of our work plan.



Over the next four years, we will focus on:

- › implementing the actions identified by the Taskforce to Combat Terrorist and Extreme Violent Material Online to enhance online safety, under the five key pillars of prevention, transparency, deterrence, detection and removal, and capacity building
- › working with the international community, technology firms, social media platforms and other key bodies, to strengthen the online safety framework
- › implementing Keeping our Children Safe Online measures, including the Early Years Online Safety Program and the Online Safety Research Program, and overhauling online safety legislation
- › completing the NBN rollout and managing ongoing public investment in the NBN so that it is sustainable and delivers a high-quality broadband experience
- › facilitating the introduction of 5G mobile technology
- › establishing the Regional Connectivity Program and continuing the Mobile Black Spot Program
- › continuing to deliver and implement the Australian Government's reform agenda, including for classification, media, copyright, spectrum and the USG
- › ensuring the policy and regulatory settings in place reflect the contemporary environment; meet community expectations of consumer experience, public interest protections and public safety; and promote investment and support international competitiveness and the national interest
- › encouraging sustainability, diversity and recognition of Australia's creative and cultural sectors for productivity, growth and innovation, including supporting Indigenous arts and culture, Australian literature, the performing and visual arts, Australian screen production and the national collecting institutions
- › implementing the Australian Music Industry Package, including the Live Music Australia initiative
- › renewing the National Arts and Disability Strategy

During 2019–20, we will continue to build our organisational capability by rolling out a new learning and development strategy to empower our people to learn, develop and grow. We will also refresh our Diversity and Inclusion Strategy 2016–2019, to ensure continued relevance for an inclusive workplace.

In closing

I would like to acknowledge and thank the departmental team and our portfolio and industry partners for their vital contributions to connectivity, creativity and culture in 2018–19. I look forward to working with you again in the next reporting period.

Mike Mrdak AO
Secretary



About the department

Ministerial arrangements

From 1 July 2018 to 29 May 2019, we were accountable to:

- › Senator the Hon Mitch Fifield
- › Senator the Hon Bridget McKenzie

From 29 May 2019 to 30 June 2019, we were accountable to:

- › The Hon Paul Fletcher MP
- › The Hon Mark Coulton MP

Our role and functions

Our role is to provide an environment in which all Australians can access and benefit from communications services, creative experiences and culture. The Administrative Arrangements Order specifies the matters we deal with:

- › broadband policy and programs
- › classification
- › copyright
- › cultural affairs, including movable cultural heritage and support for the arts
- › postal and telecommunications policies and programs
- › spectrum policy management
- › broadcasting policy
- › content policy relating to the information economy

Our purposes

We have two purposes.

› **Connectivity**

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

› **Creativity and culture**

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



Outcomes and programs

In 2018–19, we administered two outcomes and two programs (Table 1.3).

Table 1.3 Outcome and program structure

Outcome	Program	Division
Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	Program 1.1: Digital technologies and communications services	Content Market Reforms Infrastructure and Consumer
Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression	Program 2.1: Arts and cultural development	Arts

The Corporate Division and the Strategy and Research Division (not included in Table 1.3) provide enabling functions to support the department to achieve its purposes.

Our structure

Mike Mrdak AO was Secretary of the department for the entire reporting period, having commenced in the role on 18 September 2017.

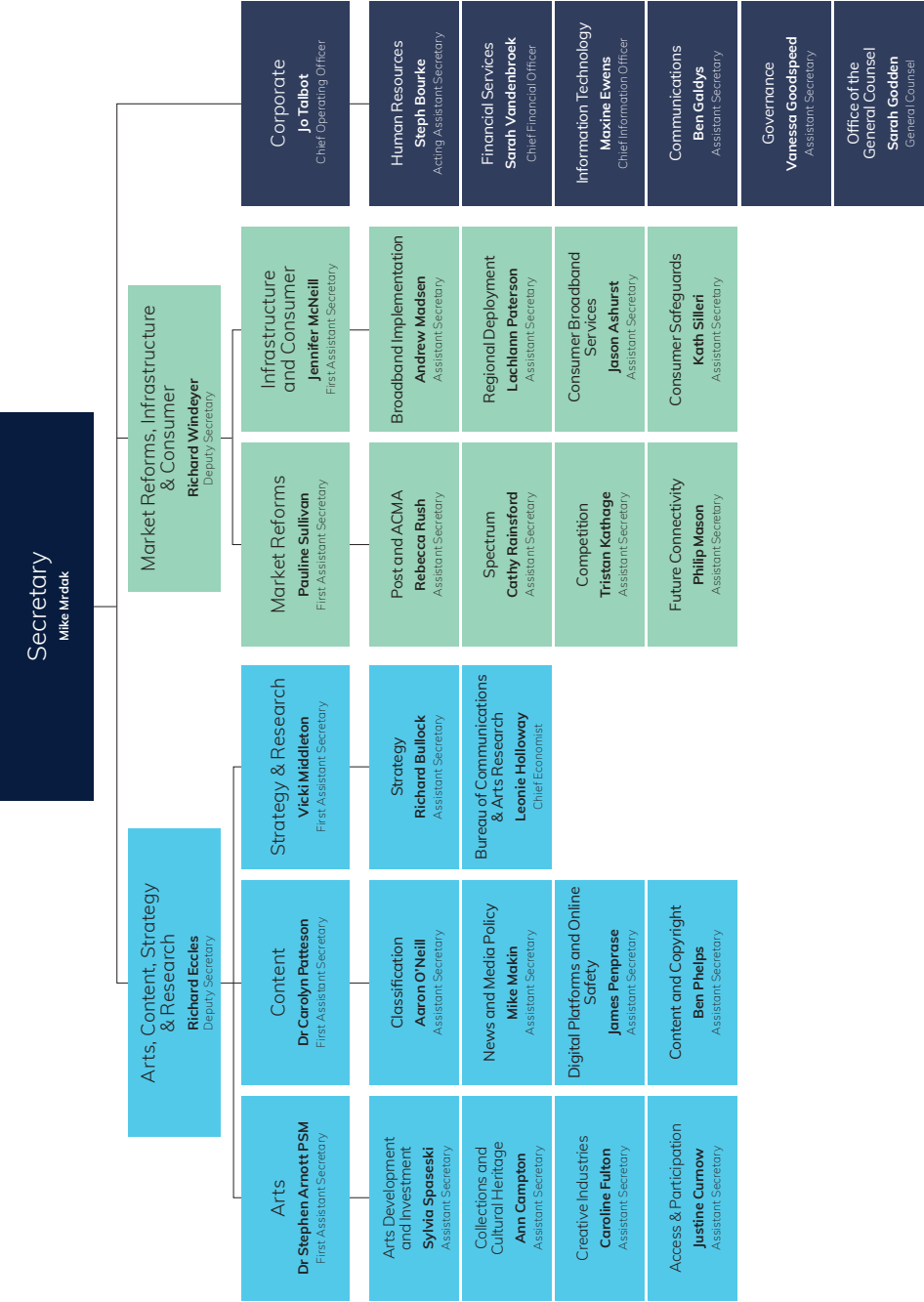
At 30 June 2019, our Deputy Secretaries were:

- › Richard Eccles, Deputy Secretary, Arts, Content, Strategy and Research
- › Richard Windeyer, Deputy Secretary, Market Reforms, Infrastructure and Consumer

Our organisational chart is at Figure 1.1.



Figure 1.1 Our organisation chart at 30 June 2019



About the portfolio

At 30 June 2019, the Communications and the Arts portfolio comprised the department and 17 portfolio entities.

Table 1.4 Communications and the Arts portfolio entities at 30 June 2019

Communications	Arts
Australian Postal Corporation (Australia Post)	Australia Council
Australian Broadcasting Corporation (ABC)	Australian Film, Television and Radio School (AFTRS)
Australian Communications and Media Authority (ACMA)	Australian National Maritime Museum (ANMM)
NBN Co Limited (NBN Co)	Bundanon Trust
Special Broadcasting Service Corporation (SBS)	Creative Partnerships Australia
	Museum of Australian Democracy at Old Parliament House (MoAD)
	National Film and Sound Archive of Australia (NFSA)
	National Gallery of Australia (NGA)
	National Library of Australia (NLA)
	National Museum of Australia (NMA)
	National Portrait Gallery of Australia (NPGA)
	Screen Australia

Communications

Australia Post

Australia Post is a government business enterprise wholly owned by the Australian Government. Australia Post is required to provide a high-quality and affordable mail service to all Australians wherever they live or do business. Australia Post also provides parcel, ecommerce and logistics services.

auspost.com.au



Australian Broadcasting Corporation (ABC)

The ABC is a national broadcaster. It contributes to and reflects Australia's national identity, fosters creativity and the arts, and encourages cultural diversity. The ABC is an integral part of the radio, television and online production industries, and the news and information media.

abc.net.au

Australian Communications and Media Authority (ACMA)

The ACMA is responsible for regulating broadcasting, radiocommunications, telecommunications and online content in accordance with its statutory requirements. The ACMA works with stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards. The ACMA includes the Office of the eSafety Commissioner.

acma.gov.au

NBN Co Limited (NBN Co)

NBN Co is a government business enterprise, wholly owned by the Australian Government. Its role is to plan, roll out and operate Australia's National Broadband Network (NBN), which will provide all people in Australia with access to high-speed broadband.

nbnco.com.au

Special Broadcasting Service Corporation (SBS)

SBS is a national broadcaster. It provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.

sbs.com.au

Arts**Australia Council**

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

australiacouncil.gov.au



Australian Film, Television and Radio School (AFTRS)

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

aftrs.edu.au

Australian National Maritime Museum (ANMM)

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

sea.museum

Bundanon Trust

Bundanon Trust supports arts practice and engagement with the arts through its residency, education, and exhibition and performance programs. It also holds an extensive art collection of around 4000 works, including a large collection of artworks gifted to the nation by Arthur and Yvonne Boyd. In preserving the natural and cultural heritage of its site, Bundanon Trust promotes the value of landscape in all our lives. It is a Commonwealth company limited by guarantee and a registered charity.

bundanon.com.au

Creative Partnerships Australia

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

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

creativepartnershipsaustralia.org.au

Museum of Australian Democracy at Old Parliament House (MoAD)

MoAD promotes the value of Old Parliament House as a significant heritage site, while ensuring the building and heritage collections are preserved for future generations. The museum also plays a significant role in exploring and communicating the intrinsic value of democracy.

moadoph.gov.au



National Film and Sound Archive of Australia (NFSA)

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

nfsa.gov.au

National Gallery of Australia (NGA)

The NGA maintains and continues to develop a national collection of works of art. It aims to increase understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally.

nga.gov.au

National Library of Australia (NLA)

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

nla.gov.au

National Museum of Australia (NMA)

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

nma.gov.au

National Portrait Gallery of Australia (NPGA)

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


portrait.gov.au

Screen Australia

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

screenaustralia.gov.au






Part 2:

Annual performance statements

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Statement of preparation

I, Mike Mrdak AO, the accountable authority of the Department of Communications and the Arts for the duration of the 2018–19 reporting period, present the 2018–19 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.



Mike Mrdak AO

Secretary

14 September 2019

About our performance statements

These performance statements report on our performance in the year ended 30 June 2019, assessed against the purposes and measures published in our revised 2018–19 Corporate Plan and 2018–19 Portfolio Budget Statements (PBS). This is in accordance with subsection 16F(1) of the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA Rule).

The structure of these statements reflects our corporate plan as shown in Figure 2.1. Table 2.13 identifies where performance information is located and assessed in accordance with the method set out in the 2018–19 PBS.

Figure 2.1 Structure of our performance statements

Corporate Plan	<p>Purpose: Connectivity</p> <p>Enabling all Australians to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth</p> <p>In measuring and assessing our achievement of this purpose, we have provided results against and an analysis of:</p> <ul style="list-style-type: none"> › access to effective communications services (measures 1 to 5) › inclusiveness of communications services (measures 6 to 8) › sustainable economic growth through connectivity (measures 9 to 12) › program resourcing (input), activity and efficiency (measures 13 to 15)
	<p>Purpose: Creativity and culture</p> <p>Supporting inclusiveness and growth in Australia's creative sector, and protecting and promoting Australian content and culture</p> <p>In measuring and assessing our achievement of this purpose, we have provided results against and an analysis of:</p> <ul style="list-style-type: none"> › inclusiveness in creativity and culture (measures 16 and 17) › growth in the creative and cultural sectors (measures 18 and 19) › protecting and promoting Australian culture (measures 20 and 21) › protecting and promoting Australian content (measures 22 and 23) › program resourcing (input), activity and efficiency (measures 24 to 26)
PBS	Table 2.13 shows how our performance statements accord with our PBS



In accordance with the Department of Finance's instructions in [Resource Management Guide No. 135: Annual Report for Non-corporate Commonwealth Entities](#), these statements focus on the results of our activities. Highlights of our activities are presented on pages vi to ix of this report, and in the Secretary's review on pages 2 to 9.

Background on our revised corporate plan and new measures

During the 2018–19 reporting period, we updated our activity-based performance criteria to better align with the enhanced Commonwealth performance framework. To achieve complete performance information, we have qualitative and quantitative measures, effectiveness and efficiency measures, and short/medium/long-term measures. These statements address both our activity-based performance measures set out in our 2018–19 PBS and our updated measures set out in our revised 2018–19 Corporate Plan.

The practical considerations behind our updated performance measures were guided by [Resource Management Guide No. 131: Developing Good Performance Information](#).

Delivery

We perform our role, work to achieve our purposes, and deliver results through the following:

- › **Strategic advice and policy development** — providing government with the best options and policy advice on issues relating to communications and the arts, including the delivery of services to regional Australia. Our advice is evidence-based and is informed by research, stakeholder consultation and critical analysis of sectoral developments and market trends.
- › **Effective program and grants management** — delivering efficient and effective programs, grants and services to achieve the government's policy outcomes. We adhere to the highest standards of public administration.
- › **Regulatory management** — administering portfolio legislation efficiently and effectively. We review and shape regulatory frameworks and we assist our portfolio ministers to fulfil their parliamentary obligations.
- › **Collaborative stakeholder engagement** — working with portfolio entities, federal, state 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.



Summary of 2018–19 results

Table 2.1 is a summary of result ratings against the measures published in our revised 2018–19 Corporate Plan.

Detailed results and analysis of performance follows this table, including further information about 2018–19 targets and previous results.

Table 2.1 Summary of result ratings

Measures	Results	
Purpose 1: Connectivity Enabling all Australians to connect to effective communications services and technologies, for inclusiveness and sustainable economic growth		
1. Percentage of Universal Service Obligation (USO) targets met by Telstra and community service obligations met by Australia Post	100% in 2018–19	Target met
2. Percentage of population with access to mobile coverage	>99% in 2018–19	Target met
3. Percentage of premises with National Broadband Network (NBN) access (ready to connect)	86% at 30 June 2019 (including 95% in regional areas)	Target met
4. Minimum fixed broadband download speeds available to Australian premises	Not applicable for 2018–19 First results expected in 2020–21	
5. Assessment of telecommunications and postal services complaints data	Positive results achieved in 2018–19	Target met
6. Assessment of affordability of telecommunications services (mobile and fixed) on offer	Price changes for typical mobile and fixed bundles over 2018–19 showed positive results for most Australians	Target met



Measures	Results	
7. Impact of our programs on improving connectivity for people with disability	We maintained the impact of our programs in 2018–19	Target met
8. Assessment of effectiveness of the digital safety regulatory framework	Positive results achieved in 2018–19	Target met
9. Percentage of ready-to-connect premises that have taken up NBN	56% in 2018–19	Target met
10. Assessment of the effectiveness of the department's international engagement on post and spectrum outcomes	Positive results achieved in 2018–19	Target met
11. Gross domestic product (GDP) contribution enabled by the communications sector	\$766.328 billion in 2016–17 ^a	Target met
12. Investment as a proportion of output in the communications sector	51% in 2017–18 (2017–18 data is the most current data available) ^b	Target met
13. Expenses for digital technologies and communications services (program 1.1)	\$1.847 billion in 2018–19	Target met
14. Assessment of the effectiveness of the department's oversight of communications portfolio entities	Our oversight was effective in 2018–19	Target met
15. Assessment of whether program 1.1 administered items are delivered efficiently	We delivered 14 of 17 program 1.1 administered items on time and on budget in 2018–19	Target not met



Measures	Results	
Purpose 2: Creativity and culture Supporting inclusiveness and growth in Australia's creative sector, and protecting and promoting Australian content and culture		
16. 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) ^c (b) percentage of objects in national collections accessible online (c) number of website visits to the national cultural institutions	Based on data available to the department at 10 September 2019, in 2018–19: (a) 10.4 million (b) 8.7% (c) 49.5 million	Target met
17. Assessment of the impact of our programs to support inclusion of: (a) regional, rural and remote Australians (b) people with disability	Positive results achieved in 2018–19	Target met
18. 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	Results against target not available Results for 2017–18 are not yet available, ^b but are expected by the end of the year. Results for 2016–17, which were published since our last annual report, are as follows: (a) \$111.713 billion (b) \$9.707 billion (c) \$148.0 million	
19. Philanthropic funding to the creative and cultural sectors, including: (a) estimated private sector support to the arts (b) to organisations listed on the Register of Cultural Organisations	In 2017–18: ^b (a) \$319.1 million (b) \$135.9 million	Target met
20. Number of students successfully completing courses at national elite performing arts training organisations	1056 in 2018	Target met



Measures	Results	
21. Assessment of the impact of our programs on supporting, preserving and celebrating: (a) Indigenous languages and arts (b) Australian creativity and culture internationally	Positive results achieved in 2018–19	Target met
22. Assessment of the effectiveness of the content regulatory framework for classification, Australian content and copyright	Positive results achieved in 2018–19	Target met
23. Assessment of whether the media regulatory framework is fit-for-purpose	Positive results achieved in 2018–19	Target met
24. Expenses for arts and cultural development (program 2.1)	\$712.2 million in 2018–19	Target met
25. Assessment of the effectiveness of the department's oversight of arts and cultural portfolio entities	Our oversight was effective in 2018–19	Target met
26. Assessment of whether program 2.1 administered items are delivered efficiently	We delivered all program 2.1 administered items on time and on budget in 2018–19, indicating efficient delivery	Target met

- a In setting the 2018–19 target for measure 11, 2016–17 results were expected to be the most current available for 2018–19 reporting. This proved correct.
- b In setting 2018–19 targets for measures 12, 18 and 19, 2017–18 results were expected to be the most current available for 2018–19 reporting. This proved correct in the case of measures 12 and 19, but results for measure 18 are still not yet available.
- c Off-site visits include visits to travelling and outreach programs/supported events/exhibitions (including viewing artworks and cultural objects loaned from collecting institutions).



Detailed results and analysis of performance

Connectivity: access to effective communications services

Results

Table 2.2 Results for measures related to access to effective communications services

Measures	2018–19 targets	Results	Previous results
1 Percentage of USO targets met by Telstra and community service obligations met by Australia Post	100% in 2018–19	Target met 100% in 2018–19	100% in 2017–18
2 Percentage of population with access to mobile coverage	Maintain ≥99% in 2018–19	Target met >99% in 2018–19	>99% in 2017–18
3 Percentage of premises with NBN access (ready to connect)	≥80% ready to connect to the NBN by June 2019 (including ≥90% in regional areas)	Target met 86% at 30 June 2019 (including 95% in regional areas)	60% of 11.7 million premises were ready to connect by 30 June 2018 (including >86% in regional areas)
4 Minimum fixed broadband download speeds available to Australian premises	Not applicable First results expected in 2020		
5 Assessment of telecommunications and postal services complaints data	Positive results achieved in 2018–19	Target met Positive results achieved in 2018–19	Not previously measured



Analysis

We support all Australians, wherever they live or work, to have access to effective telecommunications and postal services.

The work of the department and our portfolio agencies also contributes to Australia's efforts to achieve the United Nations Sustainable Development Goals. The 2030 Agenda for Sustainable Development was agreed by 193 Member States at the United Nations Sustainable Development Summit in New York in September 2015. The agenda culminated in 17 clear goals to reach by 2030, which form a roadmap for global development efforts to 2030 and beyond. The goals apply equally to Australia and Australians as they do internationally. Our work to support access to communications contributes directly to [Goal 9](#) — Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation; and [Goal 11](#) — Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.

Access to effective telecommunications services

To analyse the effectiveness of our activities to promote access to telecommunications services, we have considered:

- › our administration of the telecommunications USO, and development of a new Universal Service Guarantee (USG) for the future
- › our support to improve regional communications, including through:
 - the Mobile Black Spot Program
 - support to the 2018 Regional Telecommunications Review
 - support for improved mobile communications service delivery more generally, including emergency telecommunications
- › our oversight of NBN Co Limited (NBN Co)
- › information regarding oversight of telecommunications services complaints, informing the telecommunications Consumer Safeguards Review

Universal Service Obligation (USO)

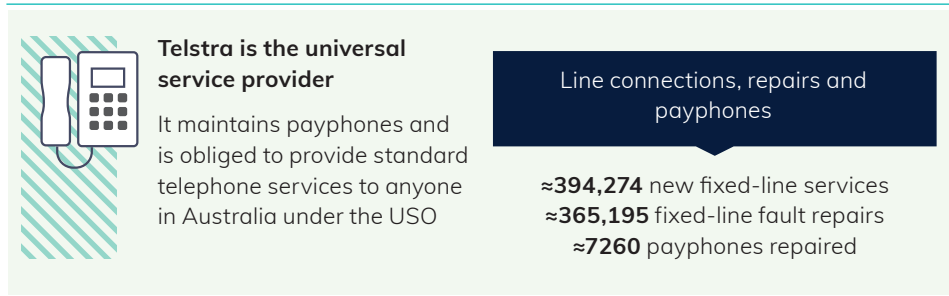
The USO is a long-standing consumer protection to ensure everyone in Australia has access to basic voice telephony regardless of where they live or work. We closely monitor Telstra's delivery of the USO, which is currently delivered under the Telstra Universal Service Obligation Performance Agreement (TUSOPA). Telstra must provide:

- › (on request) timely access to a standard telephone service to every premises in Australia
- › payphone services

Our monitoring activities include monthly meetings and analysis of the reporting required under the TUSOPA. In 2018–19, we also commenced an audit of Telstra's standard telephone services fixed-line connection and repair performance data and processes to further ensure service quality and access are being achieved in line with the USO.



Figure 2.2 Universal Service Obligation 2018–19



Telstra is required to provide annual performance reports. Our assessment of the 2018–19 report determined Telstra met 100% of its performance obligations under the current arrangements (measure 1, USO).

Telstra receives \$270.0 million per year for delivering the USO, comprising \$230.0 million to deliver standard telephone services and \$40.0 million to deliver payphone services. In broad terms, payments are a combination of government funding (of \$100.0 million annually) and funding from industry through the telecommunications industry levy.

Developing the new Universal Service Guarantee (USG)

In December 2017, the Australian Government announced it would develop a new USG to provide all Australian premises, irrespective of location, with access to broadband as well as voice services. A new USG will incorporate the existing USO.

In 2018, we undertook a comprehensive program of work to examine the feasibility and cost implications of different approaches to the USG. Our work found that, while savings could be made in the delivery of voice services by moving away from the existing copper networks in NBN Co's fixed wireless and satellite areas and using alternative technologies like mobile and satellite, there would be strong concerns in regional areas about the closure of Telstra's copper network and countervailing costs for NBN Co. A full description of our USG work is in the [Development of the Universal Service Guarantee — Summary Report](#).

In December 2018, the Australian Government announced the USG will be built around the NBN supporting broadband services and most voice services. As mentioned above, the USG will also incorporate the existing USO under which Telstra continues to provide voice services outside NBN Co's fixed-line footprint. Since this announcement, we have been planning and progressing further USG development work, such as market research into the use of payphones. We have also been working to progress the proposed statutory infrastructure provider legislation planned to underpin the broadband component of the USG.



Mobile coverage and the Mobile Black Spot Program

Mobile phone population coverage in regional, rural and remote areas of Australia is primarily driven by the investment decisions of the three mobile network operators (Telstra, Optus and Vodafone). This investment is, in turn, influenced by factors such as operator financial position, the cost of infrastructure investment and consumer demand.

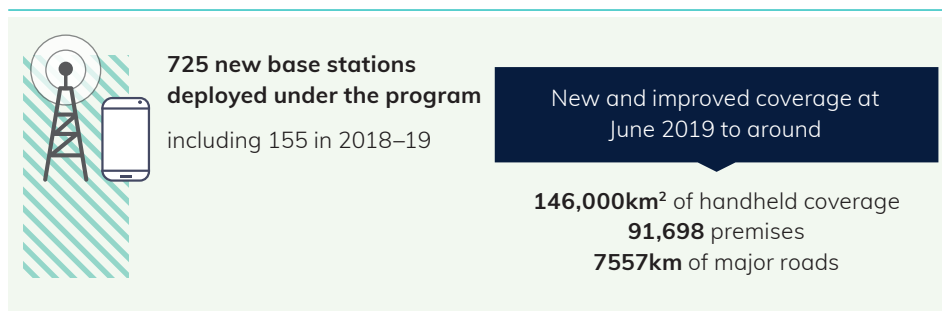
As discussed in the Australian Communications and Media Authority (ACMA) [Communications Report 2017–18](#), released in February 2019, mobile coverage now reaches more than 99% of Australia's population (measure 2). This is around 32.5% of the country's geography. Competitive private sector investment has delivered quality mobile outcomes for the majority of Australians.

To encourage mobile coverage in small communities and along regional transport routes, we provide financial incentives through administering the Mobile Black Spot Program. The Australian Government has committed \$380.0 million to the program from 2015–16 to 2022–23, including \$160.0 million for two new rounds, rounds 5 and 6. Round 5 guidelines were released in April 2019. Round 6 is expected to commence after the round 5 process is complete.

Under the first four rounds of the program, the government's commitment has leveraged a total investment of more than \$760 million, which is funding delivery of 1047 new base stations across Australia. At the end of June 2019, 725 new base stations had been deployed, including 155 deployed during 2018–19.

The base stations deployed through the program at the end of 2018–19 are providing more than 146,000km² of new handheld coverage, improved mobile coverage to an estimated 91,698 premises and 7557km of major roads coverage across regional and rural Australia.

Figure 2.3 Mobile Black Spot Program 2018–19



Additional rounds of the Mobile Black Spot Program, to the value of \$160.0 million, will be funded under a \$220.0 million Stronger Regional Digital Connectivity Package. This package also includes \$60.0 million for a new Regional Connectivity Program. This is part of the government's response to the [2018 Regional Telecommunications Review — Getting It Right Out There](#), which we supported throughout 2018.

We are currently developing the Regional Connectivity Program on a place-based model, targeting investment to maximise economic opportunities and benefits for regional, rural and remote Australians.

Improved emergency telecommunications

Australians use their mobile phones to access services, including emergency services.

We supported the government to amend the [Telecommunications Act 1997](#) in March 2019 to improve access to telecommunications for emergency organisations and help carriers provide services in emergencies.

Emergency service organisations are now able to access NBN Co towers and related infrastructure. This means fire, police and ambulance services will be able to more readily deploy telecommunications equipment, improving their ability to protect the community.

Also, the Minister can now specify temporary facilities, including temporary towers, as low-impact facilities in an emergency and other circumstances. This means that in times of emergency, telecommunications carriers will be able to deploy temporary facilities more readily, and continue to provide services to the community in times of need.

National Broadband Network (NBN) and NBN Co

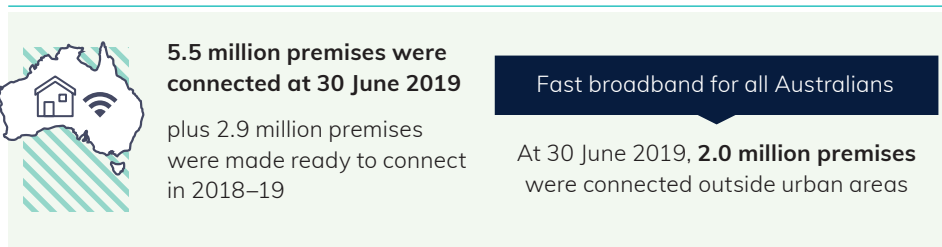
The NBN is ensuring all Australians have access to high-speed broadband services. NBN Co, the company responsible for planning, rolling out and operating the NBN, is a government business enterprise. We support the Minister in providing shareholder oversight of NBN Co's work. In cooperation with the Department of Finance, we monitor NBN rollout, consumer migration and consumer experience, as well as the policy and regulatory settings relating to the NBN. We also provide advice to the Minister on the government's financial investment, including NBN loan settings.

Publicly reported information from NBN Co shows that positive consumer experience on the NBN increased over 2018–19. For example, NBN connections completed correctly the first time were 91%, remaining relatively steady across the year. During 2018–19, the agreed timeframes for installations were met 96% of the time, and agreed timeframes for fault restorations were met 91% of the time. This was a slight improvement compared to 2017–18. Fault rates reported by NBN Co declined by over 30% to an average of 0.6 faults per 100 connected homes and businesses in June 2019, compared to 0.9 faults in June 2018. These figures reflect the impact of efforts by regulators, industry and government to address issues affecting the consumer experience, including the ACMA's implementation of rules governing NBN complaint handling.

NBN rollout information is published in [NBN Co's weekly progress reports](#). At 30 June 2019, 5.5 million premises were using services provided over the NBN. Approximately 86% of Australia's 11.6 million premises were 'ready to connect' to NBN services, including 95% in regional areas (measure 3). A total of 2.9 million additional lots/premises were made ready to connect during the year.



Figure 2.4 National Broadband Network 2018–19



Telecommunications services complaints

Telecommunications services complaints data provides valuable insight into the effectiveness of services. Assessing the 2018–19 results, we considered trends in complaints to industry and complaints escalated to the Telecommunications Industry Ombudsman (TIO).

On 1 July 2018, new record keeping rules, which were developed and which are enforced by the ACMA, came into effect to enable monitoring of industry complaints-handling performance. The data collected under the rules for the first and second quarters of 2018–19 showed that there was a 10.2% increase in complaints per service in operation between quarters. This data provides a baseline for future reports by the ACMA. This will inform our future policy development.

In the previous reporting period (2017–18), there were 167,831 complaints made to the TIO. Between 2015–16 and 2017–18, complaints to the TIO increased year on year, after having declined from a high of 197,682 in 2010–11.

As at 30 June 2019, the TIO had released information about complaints it had received in 2018–19 up to December 2018. Between July and December 2018, the TIO recorded 60,998 new complaints, an approximately 27% decrease on the number of complaints it received during the preceding six-month period from January to June 2018.

The TIO's reporting noted complaints about each of the three key service types (landline, mobile and internet) all decreased on the previous six-month reporting period. However, while overall an assessment of complaints showed positive results (measure 5, telecommunications complaints), towards the end of the July to December 2018 reporting period there was a slight increase in complaints about internet services against the general downward trend.

In relation to services delivered over the NBN, the TIO's reporting showed the number of connection or changing provider complaints has remained at below 1% of premises being added to the network. It also showed there has been a sustained decrease in the number of service quality complaints as a proportion of total premises on the network.



During 2018–19, Communications Alliance released quarterly telecommunications [Complaints in Context](#) reports based on data provided by the TIO. The reports cover five participating providers (Telstra, Optus, Vodafone, amaysim and Pivotal). They provide information on complaints about each provider to the TIO as a proportion of the services the provider has in operation.

The reports published in 2018–19 showed a general downward trend until the January to March 2019 quarter, where Telstra, Optus and Vodafone experienced an increase in new complaints (data for amaysim and Pivotal remained mostly steady). In releasing the January to April 2019 figures, Communications Alliance noted results for that quarter's report had been influenced by adverse weather events and natural disasters over the reporting period.

Telecommunications Consumer Safeguards Review

Since the turn of the century, the Australian telecommunications industry has been undergoing an unprecedented transformation driven by new technologies, increased competition, rapidly changing consumer preferences and change in industry structure caused by the rollout of the NBN. During 2018–19, we continued progressing the telecommunications Consumer Safeguards Review, including consideration of the effectiveness of existing safeguards, and what future protections are required.

After a consultation period on the review's first tranche of proposals, in November 2018 the Australian Government released [our report and recommendations on complaints handling and redress in the telecommunications industry](#). Since the report's release, we have been working with industry, regulators and the TIO to improve the telecommunications complaints-handling, resolution and redress framework.

We also released a [discussion paper on proposals to reform reliability of services](#) in November 2018, and we have been engaging with industry, consumer groups and regulators on reliability safeguards.

Access to effective postal services

To analyse the effectiveness of our activities to promote access to postal services, we have considered our:

- ▶ oversight of Australia Post
- ▶ oversight of postal services complaints

Australia Post

Australia's postal market is competitive for most services but Australia Post has an exclusive right to deliver 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.

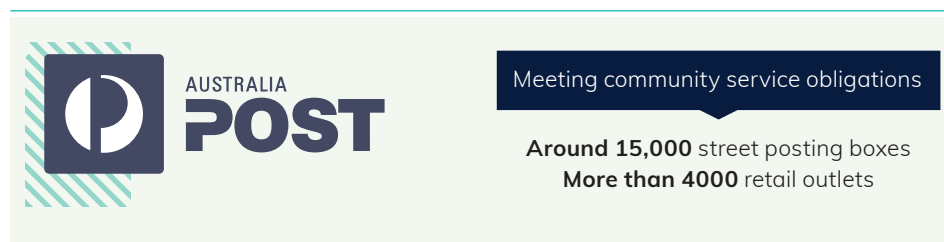
The Australian Postal Corporation Act requires Australia Post to meet community service obligations, including performance standards defined in the regulations.



Those performance standards include requirements about frequency, accuracy and speed of mail delivery, street posting boxes and retail outlets.

Australia Post provides us with quarterly updates on how it is tracking against its community service obligations. Performance information for the year is published in Australia Post's annual report. As at 30 June 2019, quarterly reports to end March 2019 had been provided to the department. Our assessment of these quarterly reports determined that Australia Post has to date met 100% of its 2018–19 community service obligations (measure 1, community service obligations).

Figure 2.5 Australia Post 2018–19



Postal services complaints

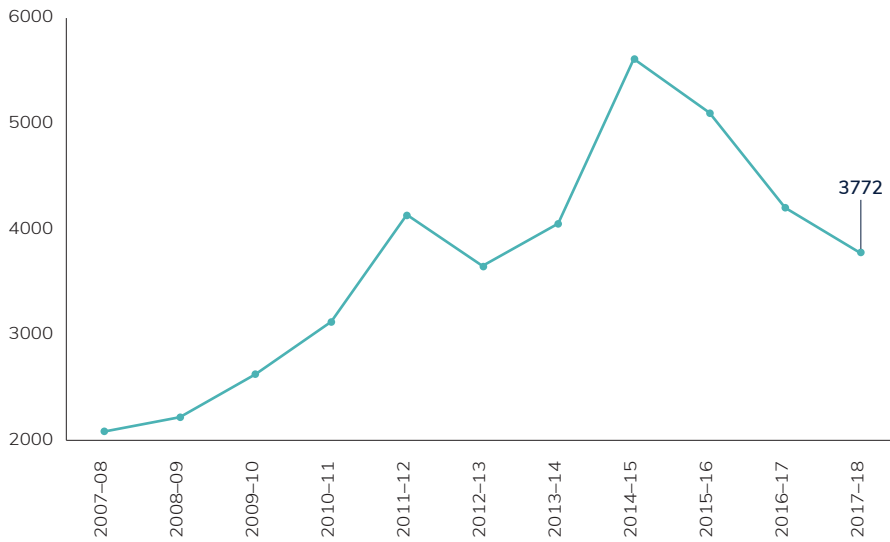
We monitor reporting on postal services complaints as an indicator of the health of the postal industry. In April 2018, the Postal Industry Ombudsman (PIO) published a report titled [Review of Australia Post complaints about carding, Safe Drop and compensation](#). The report made six recommendations about how Australia Post could improve its complaint handling. In June 2019, the PIO published its [Follow-up report on Australia Post's response to the Ombudsman's recommendations](#), which found Australia Post had made significant progress in implementing improvements. The report noted a 30% reduction in complaints to the PIO about Australia Post in the first half of 2018–19 compared to the same period in 2017–18. This is evidence of a positive result in 2018–19 (measure 5, postal complaints).

The PIO noted that while the number of complaints Australia Post received directly in 2017–18 was unchanged from 2016–17 (1.1 million), parcel volumes grew by over 10% in the same period and the number of complaints received by the PIO decreased by 10%. Complaints to the PIO about Australia Post and its subsidiary StarTrack have continued to decline since their peak in 2014–15.



Figure 2.6 shows Australia Post complaints received to the PIO from 2007–08 to 2017–18. Data for 2017–18 is the latest available full-year data at the time of writing.

Figure 2.6 Australia Post complaints received to the Postal Industry Ombudsman



Connectivity: inclusiveness of communications services

Results

Table 2.3 Results for measures related to inclusiveness

Measures	2018–19 targets	Results	Previous results
6 Assessment of affordability of telecommunications services (mobile and fixed) on offer	Price change for typical mobile and fixed bundles over 2018–19 shows positive results	Target met Price changes for typical mobile and fixed bundles over 2018–19 showed positive results for most Australians	Affordability improved in aggregate and for most vulnerable groups between 2006 and 2015. Consumers are getting better value as prices stay the same or fall, while product inclusions increase
7 Impact of our programs on improving connectivity for people with disability	Impact maintained or increased in 2018–19	Target met We maintained the impact of our programs in 2018–19	Not previously reported
8 Assessment of effectiveness of the digital safety regulatory framework	Positive results achieved in 2018–19	Target met Positive results achieved in 2018–19	Not previously measured

Analysis

To analyse the effectiveness of our activities in increasing Australians' participation in and access to communications services, we have considered:

- › affordability of telecommunications services
- › access for people with disability
- › our digital safety regulatory framework



Affordability of telecommunications services

Communications services are essential to meaningful participation in our economy, society, education and democracy. The affordability of those services is a key element of digital inclusion.

To analyse the affordability of telecommunications services, we have considered:

- › trends found in recent Australian Competition and Consumer Commission (ACCC) reporting
- › telecommunications affordability indexes, which revealed the price change for typical mobile and fixed bundles over 2018–19 showed positive results for most Australians
- › NBN pricing

Australian Competition and Consumer Commission (ACCC) reporting

Under section 151CM of the [Competition and Consumer Act 2010](#), the ACCC must monitor and report each year on telecommunications charges paid by consumers. These reports inform our policy development and underpin our regulatory settings.

The most recent report, the [ACCC Communications Market Report 2017–18](#), was released in February 2019. It found affordability is improving, with the prices of telecommunications services falling in real terms in 2017–18 compared to 2016–17 across most categories. For example, in 2017–18 a consumer would typically have paid, in real terms, 8.3% less for a mobile plan and 1.5% less for a fixed broadband plan than in the preceding year.

For fixed broadband services:

- › NBN prices reduced by 4% in real terms, when comparing similar NBN retail plans
- › non-NBN fixed broadband prices increased slightly, in real terms, by 0.5%

Affordability indexes

We track a range of affordability indexes. These indexes are based on the [Household, Income and Labour Dynamics in Australia \(HILDA\) Survey](#). They show in 2017, the most recent year for which data is available, that the affordability of communications services improved for the average household, and for typical mobile and fixed bundles (measure 6). The share of disposable income spent on communications services decreased from 3.5% in 2016 to 3.3% in 2017. Over the same period, there was a slight increase in the proportion of low-income households spending a large amount of their disposable income on communications services (which is defined as spending a share of income on communications services more than three times the median share for the whole population). Similarly, there was a slight increase in the proportion of low-income households potentially under-utilising communications services.



National Broadband Network (NBN) pricing

We have policy and shareholder oversight of NBN Co, including wholesale pricing of NBN services. Wholesale pricing contributes to the retail prices consumers pay for fixed broadband plans. NBN Co's current pricing strategy seeks to find the right balance between enabling retail providers to offer quality services at affordable prices on a sustainable basis, and enabling reinvestment in NBN Co's network.

At 30 June 2019, wholesale pricing for NBN Co's 50/20 megabits per second plan, which was taken up by approximately 51% of households connected to the NBN, was \$45 per month.

We also have policy responsibility for licence conditions placed on Telstra which, among other things, requires it to have a Low-Income Measures Assessment Committee.

Access for people with disability

We maintained the impact of our programs in 2018–19 by continuing to deliver the National Relay Service (NRS) and maintaining the framework for captioning (measure 7). To analyse the effectiveness of our programs to improve connectivity for people with disability in 2018–19, we considered:

- › the NRS
- › reporting by free-to-air television broadcasters on captioning compliance
- › progress towards audio description for Australian television

National Relay Service (NRS)

The NRS, which is provided under contract and funded from our Public Interest Telecommunications Services Special Account, allows people who are deaf, hard of hearing and/or have a speech impairment to make and receive phone calls. The NRS relayed approximately 1.2 million calls in 2018–19. Costs incurred under the contract in 2018–19 totalled \$28.2 million. These costs were fully recovered through the telecommunications industry levy.

We prepare provider performance quarterly reports, which are accessible from our [NRS webpage](#). These indicate usage of the service was steady in 2018–19, and consistent with 2017–18 in relation to call minutes, total calls made and emergency service calls. A trend that has become well-established in previous years relates to the growing use of Internet Protocol-based technologies. Captioned relay accounts for the bulk of the NRS calls made, and the next most used technologies are internet relay (including use of the NRS app) and text message relay. This suggests NRS users, like other telecommunications consumers, are willing to select from the range of alternative low-cost, ubiquitous technologies on offer to meet their telecommunications needs.

The shift from quarterly to monthly reporting and invoicing provided us the opportunity for more frequent review of the delivery of the NRS relay component by the contractor, Australian Communication Exchange Ltd (ACE). We have also taken over responsibility



for NRS information activities and launched Accesshub in February 2019. Accesshub is located on our website and provides information about the communication options available for people who are deaf or have a hearing or speech impairment.

In June 2019, following a limited tender process for provision of the NRS, we awarded Concentrix Services Pty Ltd the new contract, to be taken over in a staged transition commencing in November 2019. The new contract provides for improvements to the current service, including a new 'text and listen' option for text message relay. All existing relay channels will continue to be available for NRS users with the exception of captioned relay options through the CapTel handset. New captioned relay options for internet relay calls are becoming available as part of the new contract.

Television captioning

We advise the government on policy for television captioning, while the ACMA is responsible for administering captioning regulation.

As at 30 June 2019, the ACMA had released [information about captioning compliance for 2017–18](#). For this period, the ACMA stated that all subscription TV services reported compliance with their captioning targets and free TV services reported a high level of compliance with their captioning target requirements.

Television audio description

Audio description is a verbal commentary that complements an underlying video soundtrack to provide greater access to television content for people who are blind or vision impaired. In March 2019, the Australian Government wrote to free-to-air broadcasters and Free TV Australia inviting them to propose a plan for the introduction of audio description. This followed a report by the Audio Description Working Group, which we chair, released in 2018.

Based on this information and our advice, the government is carefully considering the way in which audio description can be best introduced.

The digital safety regulatory framework

We work on effective consumer safeguards and protections for the digital environment to support Australians to interact safely online.

To analyse the effectiveness of our digital safety regulatory framework, we considered:

- ▶ online gambling regulation and data showing the spending by Australians on illegal offshore gambling websites
- ▶ the effectiveness of restrictions on gambling promotions during live televised sporting events
- ▶ data from the Office of the eSafety Commissioner and results from the national eSafety survey

Data informing these areas of considerations show positive results in 2018–19 for the effectiveness of the digital safety regulatory framework (measure 8).



Online gambling regulation

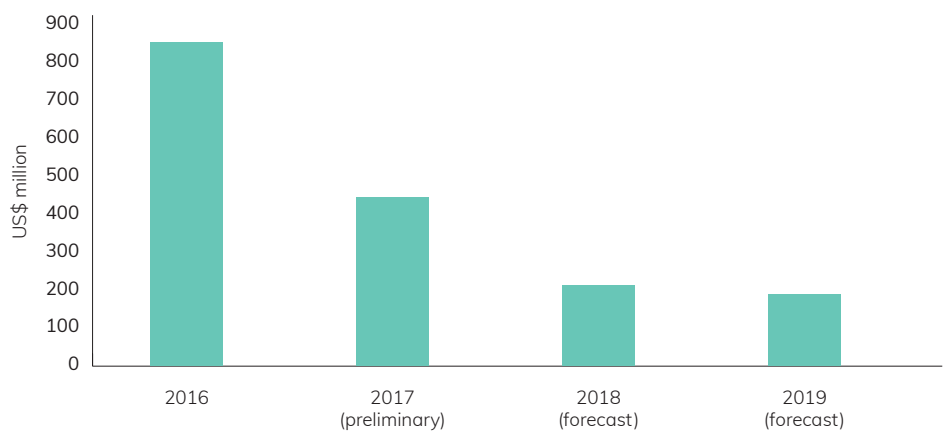
Government policy is to bring individuals who gamble into the Australian regulated market where harm minimisation measures have been strengthened, particularly since the commencement of the [National Consumer Protection Framework for Online Wagering](#) in November 2018.

Australians should be aware there are limited harm minimisation and consumer protections on gambling websites that are not licensed and regulated in Australia. Consumers run a high risk of winnings or deposits not being paid out by disreputable operators. As the services are based overseas, there is little legal recourse for Australian customers.

In the previous reporting period, the ACMA established an Interactive Gambling Taskforce, which has targeted education, engagement and enforcement action to disrupt and deter prohibited and unlicensed offshore gambling services. In October 2018, the taskforce published its report [Disrupting Illegal Offshore Gambling](#).

The report shows the investigation and enforcement activity of the taskforce has had the greatest impact in disrupting offshore gambling. Investigations were conducted into 138 websites. Of these, 58% were not providing services into Australia. This figure rose to 83% following ACMA compliance action. This approach led to the withdrawal of prominent offshore gambling sites from the Australian market, including 33 of the most popular wagering sites and 33 of the most popular gaming sites, and a downward trend in offshore gambling expenditure by Australians. Figure 2.7 shows the forecasted decrease in monies spent on offshore gambling websites by Australian consumers.

Figure 2.7 Australian offshore gambling — Global Betting and Gaming Consultants (GBGC) dataset (gross gambling yield US\$ million)



Source: ACMA (October 2018). [Disrupting Illegal Offshore Gambling](#): 12-month report into the ACMA's actions under the Interactive Gambling Act 2001, page 11.



In 2018–19, we consulted with industry stakeholders on other disruptive measures including the blocking of illegal offshore wagering websites. Once implemented, the scheme will complement the ACMA's enforcement actions and will help reduce the provision of illegal wagering services to Australians.

In January 2019, the [Interactive Gambling Act 2001](#) was amended to prohibit betting on the outcome of lottery and keno draws.

Restrictions on gambling promotions during live sporting events

We developed a new legislative framework to allow for stronger gambling advertising restrictions during the previous reporting period.

In March 2018 new restrictions were developed by the ACMA in consultation with broadcasters, which prohibit gambling promotions during live sporting events within certain hours. The new restrictions reduce audience exposure to gambling advertisements, particularly during children's viewing hours.

In September 2018 rules developed by the ACMA under the new legislative framework came into effect, which restrict the showing of gambling promotions during online streams of live sporting events. These restrictions are, to the extent possible, similar to those imposed on the broadcast of live sporting events. These rules mark the first time 'broadcast-like' programming standards have been applied to online services.

Industry compliance with new restrictions will be made publicly available in the ACMA's 2018–19 Annual Report. To date, the ACMA reported zero breaches of the new restrictions by broadcasters. This demonstrates that broadcasting providers are complying with their gambling promotions obligations, and so child audiences are less exposed to gambling promotions during the time periods they are most likely to view live sporting events.

Online safety

The government established the Office of the eSafety Commissioner in 2015, with a mandate to coordinate and lead online safety efforts across government, industry and the not-for-profit sector. The office provides eSafety information and resources for Australians on its website. In 2018–19, the number of visits to the eSafety office's website grew to 1.2 million, up 56% compared to 2017–18. This increase indicates messages promoting online safety are being delivered to a strongly growing audience.

A key role of the Office of the eSafety Commissioner is to receive complaints by Australians about offensive and illegal online content. In 2018–19, the eSafety office received 531 reports of cyberbullying and 950 reports of image-based abuse. Compared to 2017–18, these figures increased significantly. The office investigated 12,126 items of prohibited and potential prohibited content in 2018–19.



Overall, these results indicate a strong and growing awareness of eSafety among the Australian public and a growing take up of services to assist Australians.

The statutory review of the [Enhancing Online Safety Act 2015](#) and Schedules 5 and 7 to the [Broadcasting Services Act 1992](#), undertaken by Ms Lynelle Briggs AO in 2018 (the [Briggs Review](#)), found the Office of the eSafety Commissioner has been very successful since it was established in 2015.

The review also concluded Australia's current regulatory arrangements need to be modernised to ensure they are fit-for-purpose in the current digital environment and are consistent with community expectations. The review findings are guiding our work to update Australia's online safety regulatory framework and bring forward a consolidated Online Safety Act. The rapid pace of change in the online environment means it is important to keep reviewing and adapting our regulatory settings.

The National Online Safety Awareness Campaign, [Start the Chat](#), proved effective at raising awareness of the importance of having a conversation with children and young people about online safety. It also increased awareness about resources available at the eSafety website.

Another key development was our release of the [Online Safety Charter — Consultation Paper](#) in February 2019. When finalised, the charter will be an important foundation document to shape the direction of future reform of online safety policy and legislative arrangements in Australia. The charter will be voluntary. It will set out the government's expectations for social media services, content hosts and other technology companies in enhancing online safety for Australian users. The charter is being revised following stakeholder feedback, and will be finalised in 2019.

Other identified gaps in the existing online safety framework are being addressed through funding for new programs to be administered by the Office of the eSafety Commissioner. These new online safety programs were announced in early 2019, and include:

- › an Early Years Online Safety Program to provide tailored training, support and resources for the early childhood sector
- › an Online Safety Grants Program to support non-government organisations to deliver online safety and training projects, focusing on projects that address gaps in resources, or services for more vulnerable communities and regions
- › programs to develop and roll out resources and training to frontline workers to enable them to tackle technology-facilitated abuse among Aboriginal and Torres Strait Islander women, and women with intellectual disabilities

The Online Safety Research Program was started in 2018–19 and will run until June 2023 at a cost of \$3.8 million over five years. This program will establish an annual national eSafety survey to track eSafety issues and trends over time.





CASE STUDY

The Christchurch terror attacks

The terror attacks in Christchurch, New Zealand, on 15 March 2019 highlighted the ability of individuals to exploit digital platforms and content hosts to disseminate footage of their crimes. The attacks were livestreamed on Facebook, and later uploaded widely to other services, including YouTube.

The actions of digital platforms in the aftermath of the incident fell short of community expectations. In a joint initiative with industry, we co-chaired with the Department of the Prime Minister and Cabinet a new Taskforce to Combat Terrorist and Extreme Violent Material Online. Comprising government and industry representatives, the taskforce prepared advice to government on practical, tangible and effective measures to combat the upload and dissemination of terrorist and extreme violent material.

In June 2019, the taskforce's report to government provided a set of agreed actions and recommendations relating to prevention, transparency, deterrence, detection and removal, and capacity building. These agreed actions represent an important step forward in collaborations between industry and government on online safety matters. However, in the longer term, the government has signalled its willingness to consider further regulation where voluntary commitments do not meet community expectations. We will continue to monitor the implementation of the agreed actions to inform the need for our future regulatory action.



Connectivity: sustainable economic growth

Results

Table 2.4 Results for measures related to sustainable economic growth

Measures	2018–19 targets	Results	Previous results
9 Percentage of ready-to-connect premises that have taken up NBN	≥56% at 30 June 2019	Target met 56% in 2018–19	57% at 30 June 2018
10 Assessment of the effectiveness of the department's international engagement on post and spectrum outcomes	Positive results achieved in 2018–19	Target met Positive results achieved in 2018–19	Not previously measured
11 GDP contribution enabled by the communications sector	≥\$730.0 billion in 2016–17 ^a	Target met \$766.328 billion in 2016–17	\$729.289 billion in 2015–16 ^a
12 Investment as a proportion of output in the communications sector ^b	≥33% in 2017–18 ^c	Target met 51% in 2017–18	48.2% in 2016–17

a For measure 11, the years referred to in the revised 2018–19 Corporate Plan were 2017–18 for the target and 2016–17 for the previous result. These were incorrect (typos). Data to inform results against this measure are released by the Australian Bureau of Statistics two years in arrears.

b Output in the communications sector refers to the value added of the Information Media and Telecommunications industry division, as defined under the Australian and New Zealand Standard Industry Classification.

c For measure 12, 2017–18 data was expected to be the most current available for 2018–19 reporting, which proved to be correct.



Analysis

We support economic growth through:

- › advising on the policy settings for take-up of the NBN
- › engagement with international forums on post and spectrum outcomes
- › promoting investment in the Australian communications sector

National Broadband Network (NBN) take-up

Through take-up, consumers are unlocking the economic benefits of the NBN. As part of promoting sustainable economic growth through the communications sector, we support the Minister in his role as a shareholder Minister overseeing NBN Co.

At 30 June 2019, we had met our target for NBN take-up, with more than 5.5 million premises having taken up an NBN service, representing 56% of the 9.9 million ready-to-connect premises (measure 9). Of these, approximately 2.0 million were connected outside major urban areas. With take-up on target, the network is already having a significant impact on the lives of Australians and the economy, helping drive the growth of new businesses, industry productivity, jobs, educational opportunities and access to healthcare options.

In commissioned research for NBN Co, AlphaBeta, a data analytics and economics firm, has estimated the impact of NBN take-up. In addition to take-up on the network contributing to up to \$10.4 billion a year to the national economy by 2021, access to the NBN is having a direct and more immediate impact on the quality of life for many Australians. For example, AlphaBeta estimated that access to the NBN is reducing social isolation, with regional Australians 40% more likely to use the internet to reduce social isolation compared to non-NBN-connected users. The network is also providing additional pathways for women to engage with the job market, with the number of self-employed women working part-time in NBN-connected regions growing at five times the pace of regions without the NBN.

International engagement on post and spectrum outcomes

In promoting international outcomes that support Australia's economic growth, we represent Australia at meetings of the:

- › Universal Postal Union (UPU)
- › International Telecommunication Union (ITU), including the ITU-Radiocommunication Sector (ITU-R)

The UPU sets rules for international mail and the ITU is responsible for international cooperation in the use of information and communications technologies. ITU-R's mission is to ensure the rational, equitable and efficient use of the radio-frequency spectrum and satellite-orbit resources.

The work we do through these forums is important to Australia's communications framework, including to Australian businesses staying competitive in a global market.



In assessing our effectiveness we considered our achievements in these forums. We achieved positive results through international engagement in 2018–19 (measure 10).

Universal Postal Union (UPU) congresses

The Postal Union Congress, held every four years, is the main international meeting of the UPU. We also attend extraordinary congresses and in September 2018, we led the Australian delegation to the Extraordinary Congress of the UPU in Addis Ababa, Ethiopia. At the congress, we secured agreement to defer proposed additional costs on net importing countries, including Australia, until 2022.

In a strong show of support for our Pacific neighbours, we were instrumental in negotiating an agreement that will reduce the financial burden on small island developing states. The congress agreed to reduce the annual membership fees for small island developing states with populations under 200,000 by up to 90%.

Under the previous arrangements, some states' membership fees exceeded their annual postal revenue, resulting in non-payment and loss of membership rights. The agreement relieves financial pressure on postal operators in Kiribati, Nauru, Samoa, Solomon Islands, Tonga and Tuvalu, as well as six Caribbean and two African island states. Senior officials from Nauru and Tonga travelled to the congress to present their case, and expressed their sincere appreciation for Australia and New Zealand's combined efforts to ensure their voices were heard. This work underscores Australia's leadership role locally and globally and helps Australia achieve outcomes in a multilateral context that directly benefit Australian consumers and business.

Telecommunication conferences

The ITU Plenipotentiary Conference, held every four years, is the ITU's top policymaking meeting. It is the most important event for influencing decisions on the future role of the organisation and its ability to support the development of telecommunications worldwide.

In consultation with other government agencies and industry stakeholders, we led Australia's preparation for, and participation in, the ITU Plenipotentiary Conference 2018 in Dubai, United Arab Emirates. The delegation, led by our Minister, successfully secured conference outcomes that aligned with Australia's policy objectives and Australia was re-elected to the ITU Council for a further four-year term. We also secured support for proposals to strengthen administration and management, most notably to improve the consideration of a gender perspective throughout the ITU and to establish a review of the ITU regional presence.

We also attend the annual ITU Council meetings, as well as a range of ITU working groups, expert groups and advisory groups. Our attendance is effective in representing Australia's strategic interests in the work of the ITU and in keeping the ITU working within its mandate.



Radiocommunication conferences

The World Radiocommunication Conference (WRC), held every three to four years, is the main international meeting of the ITU-R. The next WRC is scheduled to take place in Sharm el-Sheikh, Egypt, from 28 October to 22 November 2019.

The 2017 [Review of the ACMA](#) recommended the head of delegation role for the WRC should be transferred from the ACMA to the department. We successfully implemented this recommendation in 2018–19, in collaboration with the ACMA. The ACMA will continue to support the delegation in a technical capacity. We led Australia's delegation to the Asia-Pacific Telecommunity Preparatory Group's fourth meeting of this WRC cycle in January 2019, as well as to the second, and final, Conference Preparatory Meeting in Geneva, Switzerland, in February 2019.

Investment and economic growth in the Australian communications sector

We advise government on policy settings that enable the communications sector to invest and innovate, to compete internationally and to meet consumer needs. Our work to promote sustainable economic growth through the communications sector includes:

- › administering the carrier powers and immunities framework
- › supporting industry deployment of 5G mobile services, the next generation of mobile wireless network technology
- › working closely with .au Domain Administration (auDA)

The communications sector makes up a relatively small proportion of the Australian workforce (105,800 people directly employed compared to 12.6 million in the total economy in August 2018¹). It also makes up a small proportion of Australia's GDP (\$43.7 billion in 2017–18, which is approximately 2.5% of overall GDP²). Nonetheless, it has a broader impact on the general economy, compared to many other sectors.

For example, we estimate GDP contribution critically enabled by the communications sector in 2016–17 at \$766.328 billion (measure 11). This figure is up \$36 billion compared to 2015–16. 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.³ Figure 2.8 shows GDP critically enabled by communications services since 2008–09.

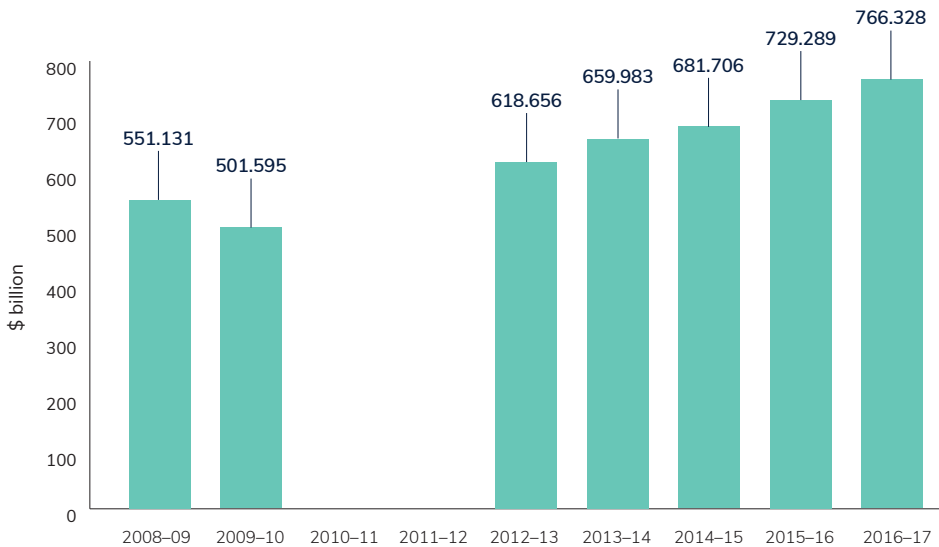
1 Australian Bureau of Statistics (June 2019) [6202.0 Labour Force, Australia May 2019](#).

2 Australian Bureau of Statistics (October 2018) [5204.0 Australian System of National Accounts, 2017–18](#), table 2.

3 Australian Bureau of Statistics (June 2019) [5209.0.55.001 Australian National Accounts: Input-Output Tables, 2016–17](#), table 2.



Figure 2.8 GDP critically enabled by communications services



Note: Data not available for 2010–11 and 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](#).

Investment in the sector is critical to unlocking economic growth as technologies continue to develop and improve over time. 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 (for example, small cells), fixed-line broadband access networks, transmission networks, submarine cables, wireless facilities and data centres. Data for 2017–18 is the most current available. In 2017–18, investment as a proportion of output in the communications sector totalled 51% (measure 12).

We seek to promote growth and investment in the telecommunications sector through our policy and regulatory settings. Our aim is to provide certainty and minimise the regulatory burden on communications providers by imposing only those rules that are necessary to protect competition and consumer outcomes.

Carrier powers and immunities

The carrier powers and immunities framework we administer gives telecommunications companies some powers to enter land. This allows them to install and maintain some types of telecommunications facilities, and provides some immunities from state and territory legislation. These powers and immunities reduce the barriers faced by telecommunications companies and enable them to continue to support economic growth.

In 2018–19, we engaged carriers and large land and property owners to promote a shared understanding of the framework and ways to improve its operations. Improving understanding of the framework helps it to operate more efficiently.



Preparing for 5G

The imminent investment in and rollout of 5G represents a transformative step change from previous generations of mobile technology and takes us closer to global hyper connectivity than ever before.

5G is expected to support a wide range of immediate commercial and industrial applications across the economy — including in transportation, health, manufacturing and agriculture. Our April 2018 paper, [Impacts of 5G on Productivity and Economic Growth](#), found that multifactor productivity growth could add an additional \$1300 to \$2000 or more in GDP per person after the first decade of 5G rollout.

The Australian Government launched [5G — Enabling the future economy](#), its strategy to support the rollout and take-up of 5G, in October 2017. The strategy included making spectrum available in a timely manner.

In 2018, we supported the Minister to make the decisions needed for the 3.6 gigahertz auction by the ACMA, which is the spectrum band to be used for early adopters of 5G. The auction concluded in December 2018 with spectrum successfully allocated to four bidders. We are also supporting the rollout of 5G through our leadership of the Australian delegation to the WRC. High-level spectrum allocation decisions are made through this forum.

The 5G Working Group, which we lead, provides a forum for government and industry to discuss 5G issues. These include how various industry sectors might use 5G technology, as well as the regulatory and other settings required to enable its delivery and uptake. In 2018–19, the working group met twice, focusing on the potential role of 5G in healthcare and the future operation of the group, which had to be reviewed by 30 June 2019 under its terms of reference.

In April 2019, industry members of the working group provided Australian Government officials with an update on 5G developments following the 2019 Barcelona World Mobile Conference and in anticipation of the commercial launch of 5G in Australia. Optus and Telstra have now launched commercial 5G services in limited footprints across Australia and Vodafone is expected to launch 5G in 2020.

The .au Domain Administration

The .au domain is an intrinsic part of the identity of many Australian businesses and organisations operating on the internet. The auDA is the independent, not-for-profit entity that oversees operation and management of the 3.0 million .au domains. It is essential that Australia's .au domain administrator is modern and fit-for-purpose, and supports the interests of Australia's internet users.

The 2018 [Review of the .au Domain Administration](#) made several recommendations focused on better governance. Throughout 2018–19, we worked closely with the auDA to support it implementing the recommendations. This work continues to include reforms to the auDA Board and membership, and greater consultation with the wider internet community on policy positions.



Connectivity: program resourcing (input), activity and efficiency

Results

Table 2.5 Results for measures related to program resourcing (input), activity and efficiency

Measures	2018–19 targets	Results	Previous results
13 Expenses for digital technologies and communications services (program 1.1)	2018–19 expenses are within 5% of published budget figures	Target met \$1.847 billion in 2018–19 (4% less than budgeted in the 2018–19 Portfolio Additional Estimates Statements)	\$1.906 billion in 2017–18 (0.65% less than budgeted)
14 Assessment of the effectiveness of the department's oversight of communications portfolio entities	Effective in 2018–19	Target met Our oversight was effective in 2018–19	Effective in 2017–18
15 Assessment of whether program 1.1 administered items are delivered efficiently	Administered items are delivered on time and on budget in 2018–19, indicating efficient delivery	Target not met We delivered 14 of 17 program 1.1 administered items on time and on budget in 2018–19	Not previously reported



Analysis

This section provides an analysis of our program resourcing, output and efficiency:

- › expenditure against our digital technologies and communications services budget program (program 1.1)
- › the effectiveness of our portfolio oversight activities
- › our efficiency delivering program 1.1 administered items

Program expenses

In 2018–19, expenses for digital technologies and communications services totalled \$1.847 billion (measure 13), which was 4% less than budgeted in our [2018–19 Portfolio Additional Estimates Statements](#) in February 2019, and 3% less than expended for program 1.1 in 2017–18.

Of program 1.1 expenditure, \$1.328 billion was paid to the national broadcasters (ABC and SBS), which is 72% of the total program.

Oversight of communications portfolio entities

We engage with Australia Post, NBN Co, and the ACMA, to support their governance, sustainability and achievement, and work together to support participation and growth in arts and cultural activity, including ABC and SBS.

Our oversight activities focus on:

- › entity corporate planning and annual reporting
- › Budget and operational funding
- › advising the Minister on governance arrangements, including Board appointments
- › operational policy settings

In 2018–19, we undertook all required activities, for effective oversight (measure 14).

Efficient program delivery

Our approach to program delivery focuses on the efficient management of public resources.

We delivered 14 of 17 program 1.1 administered items on time and on budget in 2018–19 (measure 15). Further information on each is included in Table 2.6.



Table 2.6 Administration of program 1.1 administered items

Administered item	Results: timeliness	Results: 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 \$2.2 million provided
2 Consumer Representation Grants Program We fund the Australian Communications Consumer Action Network (ACCAN) to represent the views of consumers on communications issues. ACCAN 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 \$2.2 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 \$300,000 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 2018–19 through a four-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 four-year cycle of forward contribution to the ITU \$256,000 provided as our annual APT member contribution



Administered item	Results: timeliness	Results: 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 first three rounds by 30 June 2019. The delays were due to external 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>\$23.4 million provided</p> <p>Due to delays in delivering some base stations funded under the first three rounds and making final payments, 2018–19 expenditure is less than budget by more than 5%</p>
<p>6 WiFi and Mobile Coverage on New South Wales Central Coast Trains</p> <p>We deliver this program through a National Partnership 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 the key milestones (mobile base stations/ train station WiFi) are still to be delivered</p>	<p>Target not met</p> <p>Delivery of this program is currently behind schedule; \$8.0 million of 2018–19 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>\$7.522 billion total drawdowns by NBN Co</p>



Administered item	Results: timeliness	Results: budget
8 Funding to the National Broadcasters: ABC and SBS We make payments to fund the operations of the ABC and SBS to ensure that services continue in line with their charters.	Target met The national broadcasters continue to provide television, radio and digital media services in line with their charters	Target met \$1.328 billion provided
9 Regional Backbone Blackspots Program We provide funds to Nextgen Networks (now Vocus) to put in place key fibre backhaul infrastructure in regional Australia. Construction is now complete. Vocus continues to operate and maintain the backhaul infrastructure. The expense relates to depreciation (non-cash) and is in accordance with the estimated depreciation schedule.	Target met Performance and reporting requirements were met	Target met \$8.0 million provided
10 Regional Broadcasting We provide funds for capital and operating costs associated with the delivery of commercial digital television services via the Viewer Access Satellite Television platform, which is a direct-to-home satellite service covering all of Australia. The funding is administered through two separate funding agreements with two joint venture companies established for this purpose.	Target met Performance and reporting requirements were met	Target not met \$7.9 million provided Funding recipients are entitled to claim payments for actual expenses incurred in providing services. Payments were less than the allocated budget by more than 5%
11 Regional Journalism Scholarship Program We provide payments to higher education providers, to support regional students to study journalism.	Target met Universities granted 66 scholarships to journalism students from regional areas under round 1 of the program	Target met \$2.3 million provided



Administered item	Results: timeliness	Results: budget
12 Regional and Small Publishers Cadetship Program We provide payments to small and regional publishers to create additional employment opportunities for cadet journalists.	Target met Regional and small publishers granted 45 cadetships under round 1 of the program	Target met \$1.5 million provided
13 Spectrum Pricing — Transitional Support This is a transitional support package we are providing over a five-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 We processed 2018–19 payments in July 2018	Target met \$4.9 million provided
14 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 \$7.5 million provided



Administered item	Results: timeliness	Results: budget
<p>15 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. Our phased reduction in contracted NRS outreach tasks, as we increasingly took on NRS information and advice activities ourselves, has also resulting in cost savings.</p>	<p>Target met</p> <p>The initial Portfolio Budget Statements (PBS) figure was predicated on the awarding of a new NRS contract. Extension of the tender process into 2018–19 resulted in the continuation of the contractor payment arrangement</p>	<p>Target met</p> <p>\$27.0 million provided</p>
<p>16 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, payphones and prescribed carriage services 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>
<p>17 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.</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>



Creativity and culture: inclusiveness

Results

Table 2.7 Results for measures related to creativity and culture — inclusiveness

Measures	2018–19 targets	Results	Previous results
16 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 ^a) (b) percentage of objects in national collections accessible online (c) number of website visits to the national cultural institutions	To maintain or increase 2018–19 results compared to annual averages since 2012–13: ^b (a) ≥9.6 million (b) ≥6.39% (c) ≥42.7 million	Target met Based on data available to the department at 10 September 2019, in 2018–19: (a) 10.4 million (b) 8.7% (c) 49.5 million	In 2017–18: (a) 9.9 million (b) 8.31% (c) 46.6 million
17 Assessment of the impact of our programs to support inclusion of: (a) regional, rural and remote Australians (b) people with disability	Positive results achieved in 2018–19	Target met We achieved positive results in 2018–19	Not previously measured

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

b The indicators for engagement with the national cultural institutions were established in 2012–13.



Analysis

To analyse the effectiveness of our activities in increasing Australians' participation in diverse creative and cultural experiences, we have considered:

- › engagement with the national cultural institutions
- › our programs to encourage participation in small communities and regional areas

Engagement with the national cultural institutions

The national cultural institutions directly 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 matters:

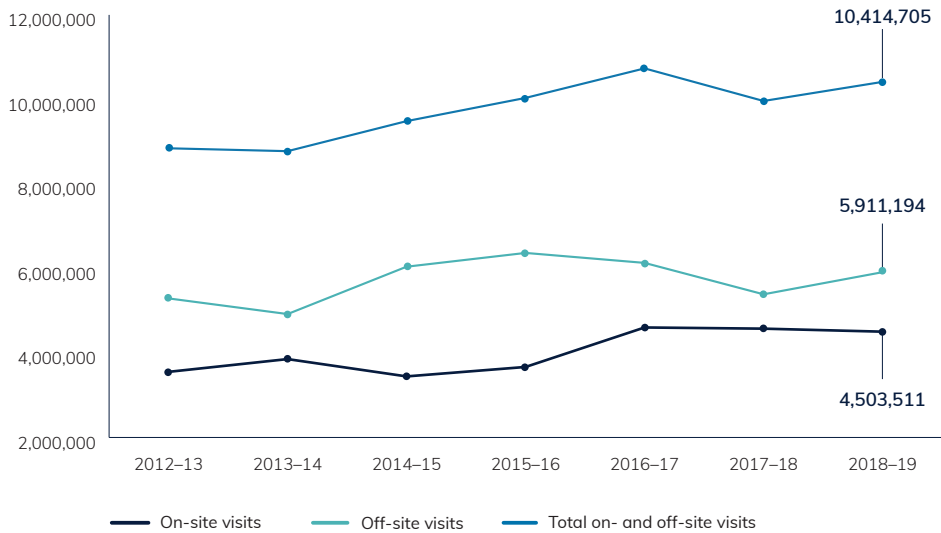
- › Australia Council
- › Australian Film, Television and Radio School (AFTRS)
- › Creative Partnerships Australia
- › Screen Australia
- › the national collecting institutions:
 - Australian National Maritime Museum (ANMM)
 - Bundanon Trust
 - Museum of Australian Democracy at Old Parliament House (MoAD)
 - National Film and Sound Archive of Australia (NFSA)
 - National Gallery of Australia (NGA)
 - National Library of Australia (NLA)
 - National Museum of Australia (NMA)
 - National Portrait Gallery of Australia (NPGA)

To inform our policy advice and to support institutions in tracking their activity, we provide a framework for regular reporting against key measures. The reporting provides insight into audience attendance and experience, access to our national collections, digitisation, education programs, funded activities and collaborations.

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 10.4 million during 2018–19 (measure 16a), meeting targets set for the year (see Figure 2.9).



Figure 2.9 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 loaned from collecting institutions).

National cultural institutions are progressively using more digital technologies. This is reflected in the growing percentage of objects in national collections available online, presented in Figure 2.10. Improved digital access is an important aspect to inclusiveness and is supporting greater audience participation (see Figure 2.11). The percentage of objects held by national collections accessible online had grown to 8.7% and website visits to the national cultural institutions totalled 49.5 million in 2018-19 (measures 16b and 16c), exceeding targets set for the year.



Figure 2.10 Objects in national collections accessible online, held by national collecting institutions

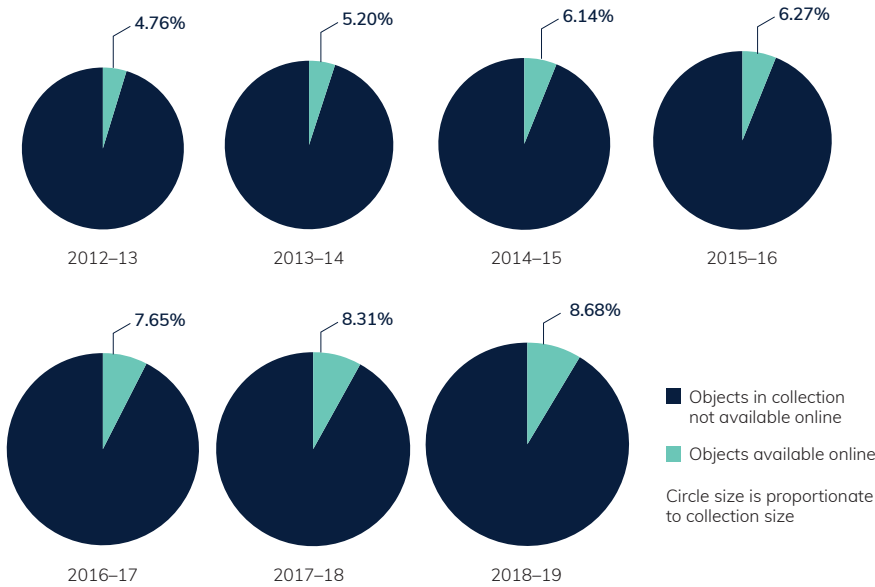
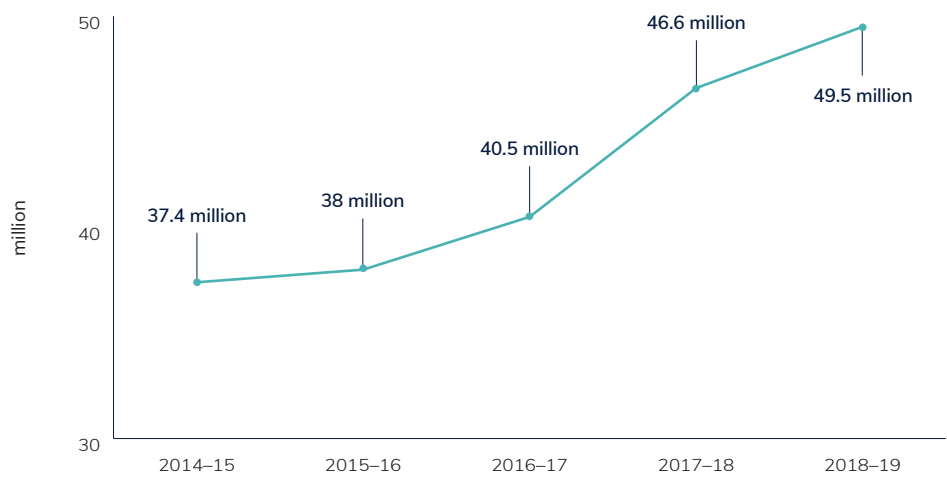


Figure 2.11 Website visits to the national cultural institutions



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.



Departmental programs to support inclusion in the creative and cultural sectors

To analyse the effectiveness of our creative and cultural programs in supporting inclusion of Australians in regional, rural and remote communities, we considered:

- › the rollout of our regional grant programs
- › the Protection of Cultural Objects on Loan Scheme

In assessing the effectiveness of our work for people with disability, we considered the advancement against the 2009 [National Arts and Disability Strategy](#).

Our assessment showed positive results were achieved in 2018–19 (measure 17).

Administered items — regional grant programs

To encourage participation in creative and cultural experiences in regional, rural and remote communities, we provide funding through the following:

- › Regional Arts Fund
- › Festivals Australia
- › National Collecting Institutions Touring and Outreach Program
- › Visions of Australia regional exhibition touring program

Further information on the objectives and operations of these programs in 2018–19 is provided in Table 2.12, which starts on page 79.

Protection of Cultural Objects on Loan Scheme

The Protection of Cultural Objects on Loan Scheme provides certain legal protections for cultural objects lent by overseas lenders for temporary public exhibition in Australia. It limits the circumstances under which lenders, exhibiting institutions, exhibition facilitators and people working for them can lose ownership, physical possession, custody or control of objects while on loan to an approved Australian institution. The scheme is intended to encourage the lending of significant cultural objects from overseas for display in Australia.

Twelve cultural institutions located in six states and territories are approved to participate under the scheme. These institutions hold exhibitions accessed by Australians from both metropolitan and regional areas. In 2017–18, the scheme supported 11 institutions to display 26 exhibitions to a combined audience of more than 3.5 million visitors. Figures for 2018–19 were not available at the time of preparing this annual report.

National Arts and Disability Strategy

The National Arts and Disability Strategy, an initiative of the Australian Government and state and territory governments through the Meeting of Cultural Ministers, is focused on improving access to and participation in the arts by people with disability. Under the strategy, we are funding:

- › the online portal of accessible arts and cultural activity, ARTfinder National, for launch in 2019–20
- › delivery and evaluation of the Art+You pilot program in South Australia. Art+You assists artists to articulate their art goals in their National Disability Insurance Scheme plans





CASE STUDY

National Arts and Disability Strategy consultation

In 2018, the Australian Government and state and territory governments consulted people with disability, carers and organisations about the future for the National Arts and Disability Strategy. The consultation reached nearly 400 people online, and 300 people face-to-face in eight capital cities and seven regional towns.

We released a report on the consultation in February 2019. One finding was that the major barrier to access and inclusion in the creative and cultural sector is negative attitudes towards disability. Opportunities for people with disability to participate in cultural life — as creators, decision-makers, audiences and customers — are improved when the community has positive attitudes towards people with disability and an understanding of accessibility.

The collaborative nature of creative and cultural activities can create positive outcomes for artists, arts workers and audiences with disability. However, people with disability experience barriers to accessing arts education and training, and career development. They are also sometimes excluded from opportunities to lead.

The stories and ideas that people shared will help to shape a renewed National Arts and Disability Strategy.



Creativity and culture: growth

Results

Table 2.8 Results for measures related to creativity and culture — growth

Measures	2018–19 targets	Results	Previous results
18 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: ^a (a) ≥\$111.713 billion (b) ≥\$9.707 billion (c) ≥\$148.0 million	Result not available GDP contribution results for 2017–18 are not yet available	In 2016–17: (a) \$111.713 billion (b) \$9.707 billion (c) \$148.0 million
19 Philanthropic funding to the creative and cultural sectors, including: (a) estimated private sector support to the arts (b) to organisations listed on the Register of Cultural Organisations	In 2017–18: ^a (a) ≥\$300.0 million (b) ≥\$100.0 million	Target met In 2017–18: (a) \$319.1 million (b) \$135.9 million	In 2016–17: (a) approximately \$300.0 million (b) \$116.6 million

^a In setting the 2018–19 target for measures 18 and 19, 2017–18 results were expected to be the most current available for 2018–19 reporting, which proved to be correct in the case of measure 19, but not measure 18.



Analysis

To analyse the effectiveness of our activities to promote growth in creative and cultural activity, we have considered:

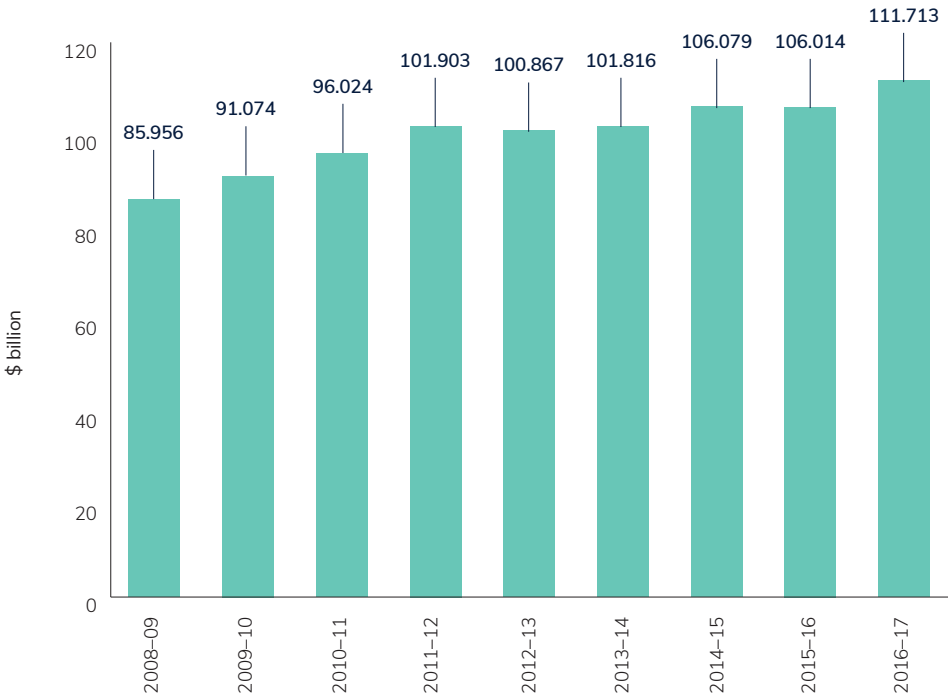
- › the economic value of creative and cultural activity
- › philanthropic funding to the creative and cultural sectors

The economic value of creative and cultural activity

Creative skills will be key to Australia’s future growth. In January 2019, our Bureau of Communications and Arts Research released a working paper, [Creative Skills for the Future Economy](#). The paper examined the role of creativity in economic growth. It found that over 9% of all people employed in Australia at the most recent census in 2016 held a creative qualification as their highest level of qualification. Creative skills have been integral to fast-growing industries over the past decade.

Our Bureau of Communications and the Arts publication [Cultural and Creative Activity in Australia 2008–09 to 2016–17](#), released in October 2018, presents analysis on results to 2016–17. The publication shows creative and cultural activity contributed approximately \$111.7 billion to the Australian economy in 2016–17, equating to around 6.4% of GDP (measure 18). Figure 2.12 shows the trend.

Figure 2.12 Creative and cultural activity: GDP national account basis



We monitor annual growth in creative and cultural activity based on data from the Australian Bureau of Statistics. Our analysis measures the economic activity driven by creative and cultural industries as well as the wages received from creative and cultural occupations.

We rely on externally collected data in order to establish these figures. Data was not available within the reporting period to allow us to calculate the contribution of creative and cultural activity in 2017–18. This is a long-term measure and as such trend results provide sufficient information for appropriate performance information, to inform a judgement on long-term performance against our purpose.

Our programs and policies support Australia's creative industries in producing original, compelling and accessible content, and enable creatives to generate income, retain intellectual property and contribute to the economy. These are:

- › our administered items
- › Location Offset, and Post, Digital and Visual (PDV) Effects Offset
- › Foreign Actor Certification Scheme
- › Resale Royalty Scheme
- › Artbank
- › Australian Music Industry Package

Administered items

We deliver the Prime Minister's Literary Awards and the Public and Educational Lending Right schemes to support the growth and development of Australian writing. Further information on the objectives and operations of these administered items in 2018–19 is included in Table 2.12, which starts on page 79.

Location Offset, and Post, Digital and Visual (PDV) Effects Offset

To encourage large-budget film and television projects to film in Australia, the government's Location Offset provides a 16.5% tax rebate on productions that spend at least \$15.0 million on qualifying Australian production expenditure. To support the work of Australia's post-production, digital and visual effects sector, the PDV Effects Offset provides a 30% tax rebate on productions that spend at least \$500,000 on qualifying Australian PDV expenditure, regardless of where a production is filmed.

In 2018–19, the Minister issued 93 final certificates to applicants for the Location Offset and PDV Offset. The qualifying Australian production expenditure of these productions totalled \$801.4 million, with an estimated rebate payable to these productions of \$176.0 million. The Film Certification Advisory Board issued a further 32 provisional certificates for the offsets.



Foreign Actor Certification Scheme

The Foreign Actor Certification Scheme assesses applications for foreign performers to enter Australia to work on film and television productions. The scheme ensures Australian industry personnel are given a fair opportunity to secure employment in film and television productions shot in Australia, and that Australian voices continue to be heard in Australian productions. In 2018–19, we certified 126 foreign actors under the scheme.

Resale Royalty Scheme

Under the Resale Royalty Scheme, visual artists are entitled to a royalty payment of 5% of the resale price for eligible works of art resold commercially for \$1000 or more. As at 30 June 2019, the scheme had generated \$7.2 million in royalties for 1821 artists from 19,120 resales since its establishment in 2010.

Artbank

Artbank is a program within the department with core objectives to provide direct support to Australian contemporary artists through the acquisition of their work, and to promote the value of Australian art to the broader public. It increases the sustainability and accessibility of the Australian visual arts industry, supports practising artists, and encourages engagement with, and appreciation of, Australian contemporary art. In 2018–19, Artbank purchased 72 new works. Artbank funds its operations through the leasing of artworks from its collection. Through 2018–19, 5793 works were leased to clients.

Australian Music Industry Package

In 2018–19, the Australian Government announced a \$30.9 million package of measures over five years from 2019–20 to support and develop the Australian contemporary music industry. This includes the Live Music Australia initiative providing funding of \$20.0 million over four years from 2020–21 to enable Australian businesses to host domestic live music events featuring Australian artists including in regional and remote Australia.

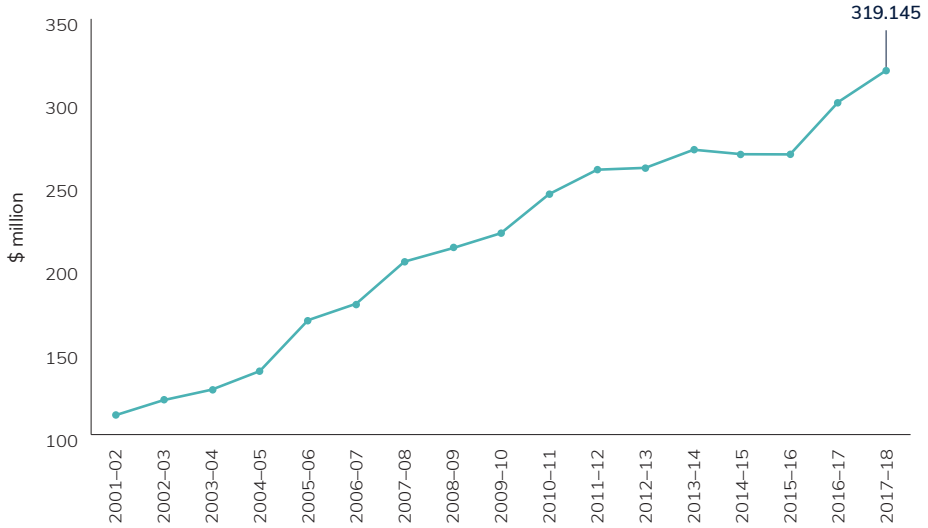
Philanthropic funding to the creative and cultural sectors

Philanthropy and corporate sponsorship play an essential role in the sustainability and growth of Australia's creative and cultural sectors. Fostering this culture of support is important and includes giving, investment, partnership and volunteering as well as bringing donors, businesses, artists and arts organisations together. 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 2017–18 estimate private sector support to the arts at \$319.1 million (measure 19a). This is up \$19.1 million compared to 2016–17. Results since 2001–02 are presented in Figure 2.13.



Figure 2.13 Private sector support for the arts in Australia (estimate)



We maintain the Register of Cultural Organisations, a list of cultural organisations that can receive tax deductible gifts. The register aims to strengthen private sector support for the arts and encourages Australians to contribute to the nation's vibrant cultural life. In 2017-18, donations to organisations listed on the Register of Cultural Organisations totalled over \$135.9 million, up \$25.3 million compared to results calculated the previous year (measure 19b).



Creativity and culture: protecting and promoting Australian culture

Results

Table 2.9 Results for measures related to creativity and culture — protecting and promoting Australian culture

Measures	2018–19 targets	Results	Previous results
20 Number of students successfully completing courses at national elite performing arts training organisations	>800 in 2018	<div>Target met</div> 1056 in 2018	1198 in 2017
21 Assessment of the impact of our programs on supporting, preserving and celebrating: (a) Indigenous languages and arts (b) Australian creativity and culture internationally	Positive results achieved in 2018–19	<div>Target met</div> We achieved positive results in 2018–19	Not previously measured

Analysis

We work to protect and promote arts and culture, by providing support for:

- › national elite performing arts training organisations
- › Indigenous languages and arts
- › international engagement

The work of the department and our portfolio entities to protect, preserve and promote Australian culture also contributes to Australia’s efforts to achieve the United Nations Sustainable Development Goals. This work contributes directly to [Goal 11](#) — Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.

On a national level, we ensure that Australia’s cultural heritage is diverse and accessible.



Support to national elite performing arts training organisations

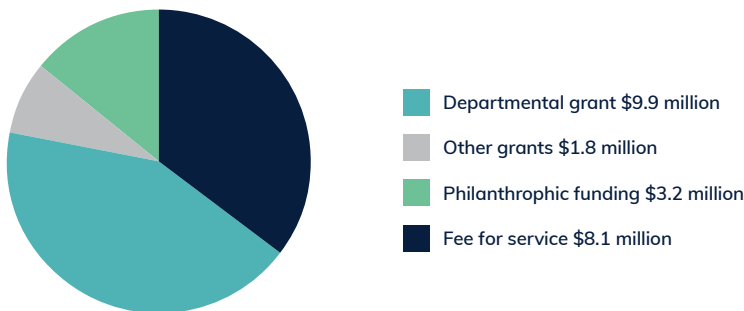
With our support, the national elite performing arts training organisations provide Australia's most talented performing artists with the opportunity to excel in their chosen fields. The seven national elite performing arts training organisations are:

- › Australian Ballet School
- › Australian National Academy of Music
- › Australian Youth Orchestra
- › Flying Fruit Fly Circus
- › National Aboriginal and Islander Skills Development Association Dance College
- › National Institute of Circus Arts
- › National Institute of Dramatic Art

Across these organisations, 1056 students successfully completed courses in 2018, meeting our target (measure 20). A total of 3702 people auditioned for 833 new core course places offered in 2019, demonstrating significant continued demand for elite performing arts training (22.5% success rate).

The arts training organisations continue to effectively leverage their Australian Government funding. Data compiled at the most recent reporting period (1 October 2018 to 28 February 2019) shows 57% of their combined income is obtained from sources such as other grants, philanthropic fundraising and fees for service (see Figure 2.14).

Figure 2.14 Combined arts training organisations income, 1 October 2018 to 28 February 2019



Further information on the objectives and operations of the national elite performing arts training organisations administered item in 2018–19 is included in Table 2.12, which starts on page 79.



Indigenous languages and arts

We contribute to preserving, protecting and celebrating Australia's art and culture, including Aboriginal and Torres Strait Islander voices and languages, for generations to come. Our programs and policies to support, preserve and celebrate Indigenous arts and languages include:

- › International Year of Indigenous Languages (IY2019)
- › our administered items
- › Indigenous Grants Policy
- › digital labelling trial for Indigenous products

Our Indigenous languages and arts programs achieved positive results in 2018–19 (measure 21a).

International Year of Indigenous Languages (IY2019)

The United Nations General Assembly declared 2019 the International Year of Indigenous Languages. We have developed an [Australian Government Action Plan for the 2019 International Year of Indigenous Languages](#). A key aim is to raise awareness of the critical state of Australia's first languages and to contribute to their preservation. Australia is also participating in the United Nations Educational, Scientific and Cultural Organization (UNESCO) steering committee.

A key component of our IY2019 action plan is partnering with the Australian Institute of Aboriginal and Torres Strait Islander Studies and the Australian National University to develop a National Indigenous Languages Report. Scheduled for release in late 2019, the report will provide information on the state of Australia's Indigenous languages and data on how they are critical to daily lives.

Administered items

In order to support Indigenous cultural expressions, we deliver the Indigenous Languages and Arts program and the Indigenous Visual Arts Industry Support program. Further information on the objectives and operations of these administered items in 2018–19 is included in Table 2.12, which starts on page 79.

Indigenous Grants Policy

To improve on-the-ground service delivery, and stimulate greater economic development, we are participating in the trial of the Indigenous Grants Policy. The then Prime Minister and the then Minister for Indigenous Affairs announced the trial on 12 February 2018. The trial is testing how best to increase the involvement of Aboriginal and Torres Strait Islander peoples in funded programs. Our Indigenous Languages and Arts and Indigenous Visual Arts Industry Support programs are participating in the trial.



CASE STUDY

Digitising endangered Pilbara languages

In a remote town, more than 1000km north-east of Perth, South Hedland's Wangka Maya Pilbara Aboriginal Language Centre project is preserving some of the world's oldest languages. With funding support from our Indigenous Languages and Arts program, the language centre is making Indigenous languages available on educational apps for smartphones.

This project is establishing Wangka Maya as a hub of digital innovation, with mobile apps that capture and preserve Pilbara language and culture in exciting new formats. A series of up to 10 mobile apps are being released, teaching words and phrases of critically endangered Pilbara languages including Banyjima, Karriyarra, Ngarla, Nyangumarta, Nyamal and Putijarra. The apps will contain multilingual narration, imagery, animation, music and video technology to support learning and engagement in an innovative and culturally sensitive manner.

Digital labelling trial for Indigenous products

The government has provided \$150,000 to Desart to trial the use of QR Code labelling that will improve information to consumers on authentic Aboriginal and Torres Strait Islander products. The digital labelling will help consumers make informed, ethical purchases and increase economic and cultural opportunities for Aboriginal and Torres Strait Islander artists and designers.

The trial will commence in 2019–20 with three art centres, Tangentyere in the Northern Territory, Martumili in Western Australia and Girringun in Queensland.

Australian creativity and culture internationally

We work with international and domestic partners, both within the arts sector and across governments, to support and celebrate Australian creativity and culture internationally.

To assess the effectiveness of our activities, we considered the:

- › investments we make in cultural diplomacy
- › work we do to protect movable heritage objects that are culturally significant
- › support we give to the Australian screen industry, which is described on pages 63 to 64
- › introduction of a new program to amplify Australia's voice in the Pacific

Our programs to celebrate Australian creativity and culture internationally achieved positive results in 2018–19 (measure 21b).



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 Table 2.12, which starts on page 79.

We also continued to provide secretariat support for the operation of the Australia-Singapore Arts Group. The group aims to enhance cultural relations between the two countries by promoting sustainable artistic and cultural activities.

Protection of Movable Cultural Heritage Act 1986

The [Protection of Movable Cultural Heritage Act 1986](#) protects Australia's movable cultural heritage. It regulates its export and provides for the return of illegally exported foreign cultural property to Australia. The Act gives effect to Australia's obligations under the UNESCO [Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property 1970](#). During 2018–19, we issued 36 permits for the permanent export of movable cultural heritage under the Act and eight temporary permits.

Amplifying Australia's Voice in the Pacific

In November 2018, the Australian Government announced the Amplifying Australia's Voice in the Pacific program as part of a suite of measures aimed to strengthen Australia's engagement with the Pacific region. We will administer \$17.0 million over three years from 2019–20 to Free TV Australia, to deliver 1000 hours per year of Australian television content to broadcasters in the Pacific.

Preserving and promoting Australian cultural heritage

We work to preserve and promote Australia's cultural heritage through:

- › our administered items
- › our Indigenous repatriation work
- › the allocation of additional funding to Bundanon Trust

Administered items

To protect and promote Australian cultural heritage we deliver the following administered items:

- › National Cultural Heritage Account
- › Marking 250 years since James Cook's first voyage to Australia in 1770
- › ANMM — Maritime Museums of Australia Project Support Scheme
- › NLA — Community Heritage Grants
- › Museums and Galleries Australia bursaries

Further information on the objectives and operations of these administered items in 2018–19 is included in Table 2.12, which starts on page 79.



Indigenous repatriation

Returning ancestral remains and secret sacred objects back to Country helps to promote healing, justice and reconciliation for Aboriginal and Torres Strait Islander peoples. Through the Indigenous Repatriation Museum Grants Program, we make funding available to eight major museums. For more information refer to Table 2.12, which starts on page 79.

We are also responsible for advocacy and facilitating the return of Aboriginal and Torres Strait Islander ancestral remains from overseas collecting institutions and private holders. In 2018–19, we facilitated six overseas repatriation handover ceremonies from eight collecting institutions — two ceremonies in Sweden, one in the United Kingdom and three in Germany. As a result of these repatriation ceremonies, the remains of 98 Aboriginal ancestors were returned to Australia. We worked with representatives from 20 communities and representative bodies to facilitate these returns.

This demonstrates the Australian Government's ongoing commitment to upholding the United Nations Declaration on the Rights of Indigenous Peoples, by working with overseas collecting institutions and governments to support change in collecting ethics and advocate for the return of ancestors.

Bundanon Trust Masterplan

The Australian Government announced funding of \$22.0 million over three years from 2019–20 to implement Bundanon Trust's Masterplan development. The development will expand the Riversdale property to protect and display the Trust's significant art collection, provide essential visitor and staff services, repurpose heritage buildings for public use and provide additional on-site accommodation. The masterplan will increase visitation and provide greater access to and engagement with the collection.



Creativity and culture: protecting and promoting Australian content

Results

Table 2.10 Results for measures related to creativity and culture — protecting and promoting Australian content

Measures	2018–19 targets	Results	Previous results
22 Assessment of the effectiveness of the content regulatory framework for classification, Australian content and copyright	Positive results achieved in 2018–19	<div>Target met</div> <div>We achieved positive results in 2018–19</div>	Not previously measured
23 Assessment of whether the media regulatory framework is fit-for-purpose	Neutral or positive results achieved in 2018–19	<div>Target met</div> <div>We achieved positive results in 2018–19</div>	Not previously measured

Analysis

To analyse the effectiveness of our activities to protect and promote Australian content we considered our regulatory frameworks for:

- › classification, content and copyright
- › media

Australia’s content regulatory framework — classification, Australian content and copyright

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 positive results were achieved in 2018–19 (measure 22).

Classification

To help inform consumer choices about entertainment content, and support parents to protect children from inappropriate content, we maintain regulations that generally require films and computer games to be classified before they can be legally made available to the Australian public.



Throughout 2018–19, we continued to provide support to the [Classification Board](#) and Classification Review Board, to enable them to make classification decisions.

In October 2018, the Minister approved the Netflix Classification Tool for ongoing use, following a pilot in 2017. We have subsequently established an ongoing monitoring program of tool decisions through a memorandum of understanding with Netflix.

The Classification Board made 2833 classification decisions during the reporting period, all within statutory time limits, compared to 3156 decisions in 2017–18. There were 163 complaints about Classification Board decisions, compared with 249 in 2017–18. The Classification Review Board reviewed, upon application, four decisions of the Classification Board.

The Netflix Classification Tool determined 1923 decisions, and the International Age Rating Coalition (IARC) Tool determined 317,550. There were three complaints about decisions made by the IARC Tool and six complaints about decisions made by the Netflix Classification Tool.

Australian content (including quotas and expenditure obligations for broadcasters)

An objective of the [Broadcasting Services Act 1992](#) is to promote the role of broadcasting services in developing and reflecting a sense of Australian identity, character and cultural diversity. This objective is met through our policy work on Australian content quotas and expenditure obligations.

Over 2018–19, we have 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.

All commercial television licensees met their transmission quotas and sub-quota requirements in 2018. The program expenditure reported by metropolitan and regional television licensees to the ACMA for 2017–18 shows licensees spent \$1.6 billion on Australian programs, an increase of 1% (\$18.0 million) on 2016–17.

During the reporting period, independent monitoring and industry reporting demonstrated commercial radio stations' compliance with the quota obligations.

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.

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 enables us to monitor levels of copyright infringement. The 2019 survey showed:

- › lawful consumption of digital content has continued to rise
- › consumers are generally paying more for digital purchases and subscriptions than they were in 2018



- › efforts to remove access to infringing websites remain an effective way to influence individual behaviour, with 37% of respondents indicating they would seek lawful access to material if they encountered a blocked site. This is illustrated in Figure 2.15

Figure 2.15 Volume of lawful and unlawful digital files consumed from January to March 2019 compared to the same period in 2018



Note: The infringement survey was conducted in March 2019. While the volume of unlawful video games consumed has also risen significantly, this may be due to specifically asking consumers in 2019 to include games played on their mobile phone or tablet, and possible consumer uncertainty as to their lawfulness.

During 2018–19, we progressed copyright reform initiatives to:

- › provide copyright industries with a more effective and efficient way to address online infringement on foreign websites through amendments to the [Copyright Act 1968](#)
- › protect internet service providers and cultural, educational and disability organisations who work to ensure online infringement does not occur on their systems (safe harbour scheme) through updated procedures in the [Copyright Regulations 2017](#)
- › fulfil the government’s commitment to protect international sound recordings through amendments to the [Copyright \(International Protection\) Regulations 1969](#)

In April 2019, following extensive consultation, the department’s Bureau of Communications and Arts Research released the final report of its [Review of Code of Conduct for Australian Copyright Collecting Societies](#). The review examined the extent to which the code remains the best mechanism to promote efficient, effective and transparent administration of copyright licences. We have worked closely with collecting societies to assist them to implement recommendations.



We continue to monitor the amount paid to content creators by major collecting societies as a way of assessing the ongoing effectiveness of the copyright system in rewarding creators. In 2017–18, the amount the two declared collecting societies have paid to their members has remained steady:

- › the Copyright Agency reported it paid a total of \$123.9 million to members, of which 84% was distributed to Australian rights holders
- › Screenrights reported it paid a total of \$42.8 million to members, of which 59% was distributed to Australian rights holders

Australia's media regulatory framework

Our work to facilitate a fit-for-purpose media regulatory framework includes making sure there is an appropriate balance between the need to support industry sustainability and the need to provide appropriate protections for the Australian community.

To assess whether our activities are promoting a fit-for-purpose media framework, we considered:

- › the progress of media reforms
- › audiences, broadcasting complaints and investigations
- › audience metrics from the national broadcasters (the ABC and SBS)

In assessing the media regulatory framework, we found positive results were achieved in 2018–19 (measure 23). This is based on data that shows large media audiences continue (including for the national broadcasters), and broadcasting complaints are low in number.

Progress of media reforms

In 2018–19, we continued to work with our industry partners, including regional broadcasters, to determine whether our regulatory frameworks remain fit-for-purpose. We will progress this body of work in 2019–20.

We administer the Regional and Small Publishers Cadetship Program, the Regional Journalism Scholarship Program and the Supporting Under-represented Sports program, which formed part of the 2017 Broadcasting and Content Reform Package. For information on the delivery of these programs, refer to Table 2.6 on page 50.

As part of the media reforms, the government committed to set up an Inquiry into the Competitive Neutrality of the National Broadcasters. In September 2018, the panel delivered its [report to government](#). The government released the report on 12 December 2018 and further action now sits with the national broadcasters. We also assisted in an Efficiency Review of the National Broadcasters, which was led by Mr Peter Tonagh and Mr Richard Bean (with support from KordaMentha). Their report was provided to the Minister in December 2018, and then to the national broadcasters in February 2019.



Audiences, broadcasting complaints and investigations

In 2018–19, 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.

The 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 [2017–18 Annual Report](#), the ACMA reported the following:

- › there were no complaints or investigations involving compliance with the regional commercial television local content licence condition to broadcast minimum amounts of material of local significance
- › there were no complaints or investigations involving compliance with the regional commercial radio local content licence condition to broadcast prescribed amounts of material of local significance between 5am and 8pm on business days
- › all metropolitan commercial television broadcasting licensees reported meeting primary channel (55%) and non-primary channel (1460 hours) transmission quotas for Australian content in 2017
- › due to changes in primary affiliation arrangements with metropolitan licensees that took effect from 1 July 2016, 12 regional licensees failed to broadcast the required number of hours of Australian content on their non-primary channels

We continue to monitor media audiences. ACMA's [2017–18 Communications Report](#), published in January 2019, 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 3.9 million Australian subscribers

The national broadcasters

Approximately 83% of Australians believe the ABC performs a valuable role in the Australian community. The ABC's [2017–18 Annual Report](#) revealed no change in community sentiment compared to 2016–17. In 2018, combined national audience reach across television, radio and online was estimated at 70.2% over the period of one week. This represents an increase of 0.7% compared to the ABC's estimated net reach in 2017 (69.5%).

In its [2017–18 Annual Report](#) SBS reported it had maintained overall audience reach across its channels and platforms, reaching approximately 13.0 million Australians each month on TV and 3.1 million on digital platforms.

These metrics demonstrate the importance of the national broadcasters to the Australian community. They reflect the important role the ABC and SBS play in shaping Australia's sense of identity and informing, entertaining and reflecting the cultural diversity of Australian communities.



Creativity and culture: program resourcing (input), activity and efficiency

Results

Table 2.11 Results for measures related to program resourcing (input), activity and efficiency

Measures	2018–19 targets	Results	Previous results
24 Expenses for arts and cultural development (program 2.1)	2018–19 expenses are within 5% of published budget figures	Target met \$712.2 million in 2018–19 (2% more than budgeted in the 2018–19 Portfolio Additional Estimates Statements)	\$676.7 million in 2017–18 (0.5% less than budgeted)
25 Assessment of the effectiveness of the department's oversight of arts and cultural portfolio entities	Effective in 2018–19	Target met Our oversight was effective in 2018–19	Effective in 2017–18
26 Assessment of whether program 2.1 administered items are delivered efficiently	Administered items are delivered on time and on budget in 2018–19, indicating efficient delivery	Target met We delivered all program 2.1 administered items on time and on budget in 2018–19, indicating efficient delivery	Not previously measured

Analysis

This section provides an analysis of our program resourcing, output and efficiency:

- › expenditure against our arts and cultural development budget program (program 2.1)
- › the effectiveness of our portfolio oversight activities (in both the arts and communications sectors)
- › our efficiency delivering program 2.1 administered items



Program expenses

In 2018–19, expenses for arts and cultural development totalled \$712.2 million (measure 24), which was 2% more than budgeted in our [2018–19 Portfolio Additional Estimates Statements](#) in February 2019, and 5% more than expended for program 2.1 in 2017–18.

Payments to portfolio entities made up a large proportion — around 65% — of program 2.1 expenses. This reflects the importance we place on the activities of our portfolio entities, which provide increasing numbers of Australians with access to art and cultural experiences.

It is worth noting that payments to the national broadcasters (ABC and SBS) are made under program 1.1, in recognition of the work ABC and SBS do to promote connectivity for the millions of Australians who engage with the broadcasters' platforms every month. However, it's clear the national broadcasters are also important to achieving our creativity and culture purpose, through the production and broadcast of Australian content, stories and conversations.

Oversight of arts and cultural portfolio entities

We engage with portfolio entities to support their governance, sustainability and achievement, and work together to support participation and growth in arts and cultural activity, including with the national broadcasters (ABC and SBS). Portfolio entities are listed on page 56.

Our oversight activities focus on:

- › entity corporate planning and annual reporting
- › Budget and operational funding
- › advising the Minister on governance arrangements, including Board appointments
- › operational policy settings

In 2018–19, we undertook all required activities, for effective oversight (measure 25).

Efficient program delivery

Our approach to program delivery focuses on the efficient management of public resources.

We delivered all program 2.1 administered items on time and on budget in 2018–19 (measure 26). Further information on each is included in Table 2.12.



Table 2.12 Administration of program 2.1 administered items

Administered item	Results: timeliness	Results: budget
1 Arts Agency Appropriations We provided funding to support the operations of 10 arts portfolio entities — Australia Council, AFTRS, ANMM, MoAD, NFSA, NGA, NLA, NMA, NPGA, and Screen Australia.	Target met Funding delivered in 2018–19	Target met \$461.3 million provided
2 Ausfilm 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.	Target met Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved	Target met \$1.7 million provided
3 Australian Arts and Culture Fund We reallocated remaining funding of \$1.0 million to support one-off strategic arts projects. The Australian Arts and Culture Fund was established to support a broad range of arts projects, especially those by small to medium arts organisations. The fund was initially set up with funding of approximately \$20.0 million per year, but in the intervening years, changes to portfolio funding arrangements have transferred the majority of funds to the Australia Council and Creative Partnerships Australia.	Target met Remaining funding reallocated in 2018–19	Target met Funding reallocated to support one-off strategic arts projects



Administered item	Results: timeliness	Results: budget
<p>4 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 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$2.8 million provided</p>
<p>5 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 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$2.1 million provided to support nine exhibitions</p>
<p>6 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 4000 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 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$1.5 million provided</p>



Administered item	Results: timeliness	Results: budget
<p>7 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 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$4.5 million provided</p>
<p>8 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 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$1.2 million provided to support 26 projects</p>
<p>9 Film Location Grant</p> <p>We provided funding to support the production <i>Aquaman</i> to generate investment, and provide employment and upskilling opportunities for Australian cast, crew, post-production companies and other screen production service providers.</p>	<p>Target met</p> <p>Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$22.1 million provided</p>



Administered item	Results: timeliness	Results: budget
<p>10 Indigenous Languages and Arts</p> <p>We provided funding to support participation in, and maintenance of, Australia's 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 peoples' wellbeing.</p> <p>The program provides annual operational funding for over 20 Indigenous language centres located primarily across regional and remote Australia.</p> <p>During 2018–19, the department continued to deliver upon the government's \$10.0 million budget measure to protect, preserve and celebrate Indigenous languages, which is being administered through the program.</p>	<p>Target met</p> <p>Funding delivered in 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$25.7 million provided to support 154 organisations to undertake 204 projects</p>
<p>11 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 6000 artists and over 300 arts workers.</p>	<p>Target met</p> <p>Funding delivered in 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$20.0 million provided to support 90 activities</p>



Administered item	Results: timeliness	Results: budget
<p>12 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 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$866,000 provided to support five activities</p>
<p>13 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 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$774,400 provided to support 10 projects</p>
<p>14 Marking 250 years since James Cook's first Voyage to Australia in 1770</p> <p>We provided funding to the ANMM to assist with planning for the HMB <i>Endeavour</i> replica's circumnavigation of Australia during 2020 and 2021.</p>	<p>Target met</p> <p>Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$514,000 provided</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 2018–19. 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>



Administered item	Results: timeliness	Results: budget
16 National Elite Performing Arts Training Organisations We provided funding to the national elite performing arts training organisations to support their operations, and contribute to Australia's thriving creative economy.	Target met Funding delivered in 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved	Target met \$21.6 million provided
17 One-off Strategic Projects — Arts and Cultural Development We provided funding to support the following strategic projects: <ul style="list-style-type: none"> › SBW Stables Theatre 50th Anniversary › Brisbane Street Art Festival Valley Vision Project › Australian Luthiers and Archetiers Congress › Kaldor Public Art Projects 50th Anniversary Program › First Nations Performing Arts New Work Development Program 2019–2022 › 2019 Australian Reading Hour › 2019 National Indigenous Art Fair 	Target met Funding delivered in 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved	Target met \$514,661 provided to support seven projects
18 Prime Minister's Literary Awards The annual Prime Minister's Literary Awards celebrate the contribution of Australian literature and history to our nation's cultural and intellectual life. 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.	Target met Awards delivered in 2018–19	Target met \$648,581 provided to support 35 authors, historians and illustrators, and administer the awards



Administered item	Results: timeliness	Results: budget
<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 2018–19</p>	<p>Target met</p> <p>\$22.2 million provided through 16,300 payments to eligible claimants, and to administer the schemes</p>
<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 (Regional Arts Victoria, Regional Arts NSW, Country Arts WA, RANT Arts, Flying Arts Alliance, artsACT, Northern Territory Regional Arts and Country Arts SA).</p>	<p>Target met</p> <p>Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$3.6 million provided to Regional Arts Australia, which supported 367 projects</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 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved</p>	<p>Target met</p> <p>\$70.5 million provided</p>



Administered item	Results: timeliness	Results: budget
22 Visions of Australia 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.	Target met Funding delivered in 2018–19. Funding agreements maintained and payment milestones and reporting obligations achieved	Target met \$2.3 million provided to support 28 projects
23 Australian National Maritime Museum — Maritime Museums of Australia Project Support Scheme We provided funding to the ANMM to administer the Maritime Museums of Australia Project Support Scheme for not-for-profit organisations caring for Australia's maritime collections.	Target met Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved	Target met \$105,000 provided to the ANMM, which supported 11 projects, as well as offering internships and in-kind support
24 Museums and Galleries Australia Bursaries We provided funding to administer bursary assistance to support attendance at the Australian Museums and Galleries Association's national conference by museum staff and volunteers who are based in regional and remote areas, or are Aboriginal or Torres Strait Islander peoples.	Target met Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved	Target met \$22,000 provided to the Australian Museums and Galleries Association, which supported 29 people to attend the national conference, and covered Indigenous speaker costs
25 National Library of Australia — Community Heritage Grants 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.	Target met Funding delivered in 2018–19. Funding agreement maintained and payment milestones and reporting obligations achieved	Target met \$490,000 provided to the NLA, which supported 60 projects



Administered item	Results: timeliness	Results: budget
<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 2018–19</p>	<p>Target met</p> <p>\$196,000 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 Torres Strait Islander ancestral remains from collecting institutions and private holders overseas, and both ancestors and secret sacred objects from seven major Australian museums, of the eight eligible for funding.</p> <p>In 2018–19, we facilitated six overseas repatriations, with the remains of 98 Aboriginal ancestors being returned to Australia.</p>	<p>Target met</p> <p>Funding transferred in 2018–19</p>	<p>Target met</p> <p>\$659,000 provided</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 2018–19, four National Cultural Heritage Account applications were approved.</p> <p>Since the account was established, Australian cultural institutions have received over \$6.4 million to assist in the acquisition of significant cultural heritage objects.</p>	<p>Target met</p> <p>Funding transferred in 2018–19</p>	<p>Target met</p> <p>\$497,420 provided</p>



How our performance statements accord with our Portfolio Budget Statements

Subsection 16F(1) of the PGPA Rule requires performance to be measured and assessed in accordance with the method set out in the corporate plan and PBS. The body of these statements reflects the structure of our revised 2018–19 Corporate Plan. Table 2.13 has been prepared to cross-reference to the location where performance is measured and assessed in accordance with the method set out in our 2018–19 PBS, on pages 25 and 29 to 30.

It is worthwhile noting that the 2018–19 PBS measures have been superseded and we do not intend to report against them in future years.

Table 2.13 2018–19 Portfolio Budget Statements mapped to information in these statements

2018–19 PBS criteria and targets		Location (or response)
Program 1.1: Digital technologies and communications services		
Criteria	Facilitate consumer access to affordable, competitive and reliable communications services	
Targets	Delivery of Mobile Black Spot Program	Refer to Connectivity: access to effective communications services (page 25) which includes Mobile coverage and the Mobile Black Spot Program (page 28)
	USO reform in response to Productivity Commission report	Refer to Connectivity: access to effective communications services (page 25) which includes Developing the new Universal Service Guarantee (USG) (page 27)
	Minister’s shareholder oversight of NBN Co’s delivery of the NBN	Refer to Connectivity: access to effective communications services (page 25) which includes National Broadband Network (NBN) and NBN Co (page 29)



2018–19 PBS criteria and targets	Location (or response)
Targets (cont.) Consumer experiences using public data and research	Refer to Connectivity: access to effective communications services (page 25) which includes National Broadband Network (NBN) and NBN Co (page 29)
Stakeholder engagement to support improving consumer experience, including migration to the NBN	Refer to Connectivity: access to effective communications services (page 25) which includes National Broadband Network (NBN) and NBN Co (page 29)
Criteria	Enable the effective operation of consumer protections and safeguards, so that Australians can interact safely in a trusted digital environment
Targets Progress of review of framework for consumer safeguards	Refer to Connectivity: inclusiveness of communications services (page 34) and Telecommunications Consumer Safeguards Review (page 31)
Engagement across government and industry to support effective consumer protections and safeguards	Refer to Connectivity: inclusiveness of communications services (page 34) which includes: <ul style="list-style-type: none"> › Access for people with disability (page 36) › The digital safety regulatory framework (page 37) Also refer to the section of the statements on Classification (page 72)
Information published on consumer protections	Refer to Connectivity: inclusiveness of communications services (page 34) which includes: <ul style="list-style-type: none"> › Access for people with disability (page 36) › The digital safety regulatory framework (page 37) Also refer to the section of the statements on Classification (page 72)



2018–19 PBS criteria and targets		Location (or response)
Criteria	Work with the sectors so that policy and regulatory frameworks support domestic and international competitiveness and the national interest	
Targets	Progress of reforms, including media	Refer to Progress of media reforms (page 75)
	Progress of reforms, including spectrum	<ul style="list-style-type: none"> › Preparing for 5G (page 47) › International engagement on post and spectrum outcomes (page 43)
	Progress of reforms, including copyright	Refer to Copyright (page 73)
Criteria	Engage with portfolio agencies and sectoral institutions to support their governance, sustainability and achievement of government objectives	
Target	Oversight of portfolio agencies' annual corporate plan compliance, financials and achievements	Refer to Oversight of communications portfolio entities (page 49)
Program 2.1: Arts and cultural development		
Criteria	Facilitate access to Australian arts, cultural experiences and related skills development opportunities	
Targets	Information on consumer engagement with national cultural institutions and artistic and cultural activities	Refer to Engagement with the national cultural institutions (page 56)
	Information on access to the objects in the national collections (on display, on tour and online)	Refer to Engagement with the national cultural institutions (page 56)
Criteria	Engage with portfolio agencies and sectoral institutions to support their governance, sustainability and achievement of government objectives	



2018–19 PBS criteria and targets	Location (or response)
Targets Oversight of portfolio agencies' annual corporate plan compliance, financials and achievements	Refer to Oversight of arts and cultural portfolio entities (page 78)
Information on Commonwealth, state and territory, and philanthropic funding to the arts	<ul style="list-style-type: none"> › Program expenses, for information on Australian Government funding to the arts (page 78) › In terms of state and territory government funding to the arts, this was estimated at \$2.391 billion in 2017–18. This figure is sourced from the Cultural Funding by Government 2017–18 survey which was released in July 2019 › Philanthropic funding to the creative and cultural sectors (page 64)
Elite training institutions' development of the next generation of arts performers and participants	Refer to Support to national elite performing arts training organisations (page 67)
Criteria Assist the arts in building sustainability and resilience and identifying opportunities for innovation	
Targets Analysis of contribution of arts and cultural education to employment outcomes	<ul style="list-style-type: none"> › The economic value of creative and cultural activity (page 62) › Support to national elite performing arts training organisations (page 67) › In terms of analysis of the contribution of creative skills to employment outcomes, the latest Australian census data (2016) shows that over 1 million people employed in Australia held a creative qualification as their highest level of qualification. Around 845,000 people were employed in creative or cultural industries and/or occupations in 2016 › Our 2017–18 Annual Report stated that Australian Bureau of Statistics data showed that over 1 million people were employed in Australia's creative sector in 2014–15. This figure is incorrect and should have been excluded



2018–19 PBS criteria and targets		Location (or response)
Targets (cont.)	Analysis of contribution of arts and culture to the economy	<ul style="list-style-type: none"> › The economic value of creative and cultural activity (page 62) › Support to national elite performing arts training organisations (page 67)
Criteria	Work with the sectors to create and promote content that reflects Australia's identity, character and cultural diversity	
Targets	Information provided through the Australia Council, ABC, SBS and departmental grant programs	<ul style="list-style-type: none"> › Creativity and culture: protecting and promoting Australian content (page 72) › Creativity and culture: program resourcing (input), activity and efficiency (page 77)
	Progress of the Australian and Children's Screen Content Review	In terms of the Australian and Children's Screen Content Review, this was completed in December 2017 (during the previous reporting period)
Criteria	Collaborate with the sectors to protect, preserve and promote Australian culture, including Indigenous arts, language and repatriation	
Targets	Information from the Indigenous Languages and Arts program on Indigenous languages revived or maintained	<p>Refer to Creativity and culture: protecting and promoting Australian culture (page 66) which includes:</p> <ul style="list-style-type: none"> › Indigenous languages and arts (page 68) › Australian creativity and culture internationally (page 69) › Preserving and promoting Australian national cultural heritage (page 70)
	Access to cultural experiences and skills development opportunities in regional and remote areas, including by, and for, Aboriginal and Torres Strait Islander peoples	Refer to Creativity and culture: protecting and promoting Australian culture (page 66) which includes Indigenous languages and arts (page 68)
	Information on Indigenous repatriation	Refer to Preserving and promoting Australian national cultural heritage (page 70)
	Information on international cultural activities and exchanges	Refer to Australian creativity and culture internationally (page 69)



Methodology for calculating results against corporate plan performance measures

Table 2.14 shows the method we will use to calculate results against performance measures in 2019–20.

Table 2.14 Methodology for calculating results

Measure (2018–19)	Method to calculate result
1. Percentage of USO targets met by Telstra and community service obligations met by Australia Post	Analysis of reporting from Telstra and Australia Post
2. Percentage of population with access to mobile coverage	Analysis of reporting by mobile network operators
3. Percentage of premises with NBN access (ready to connect)	Analysis of NBN Co rollout reporting
4. Minimum fixed broadband download speeds available to Australian premises	From 2020–21, analysis of NBN Co reporting
5. Assessment of telecommunications and postal services complaints data	Analysis of reporting from the Telecommunications Industry Ombudsman (TIO) and the ACMA on telecommunications complaints and reporting from the Postal Industry Ombudsman (PIO)
6. Assessment of affordability of telecommunications services (mobile and fixed) on offer	Analysis of reporting from the 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
7. Impact of our programs on improving connectivity for people with disability	Analysis of National Relay Service (NRS) provider reporting; analysis of ACMA reporting on compliance by free-to-air television broadcasters on captioning compliance



Measure (2018–19)	Method to calculate result
8. Assessment of effectiveness of the digital safety regulatory framework	Analysis of reporting by the 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
9. Percentage of ready-to-connect premises that have taken up NBN	Analysis of NBN Co reporting
10. Assessment of the effectiveness of the department's international engagement on post and spectrum outcomes	Analysis of results achieved
11. GDP contribution enabled by the communications sector	Analysis of Australian Bureau of Statistics data by our Bureau of Communications and Arts Research
12. Investment as a proportion of output in the communications sector	Analysis of Australian Bureau of Statistics data by our Bureau of Communications and Arts Research
13. Expenses for digital technologies and communications services (program 1.1)	Analysis of financial statements (audited by the Australian National Audit Office)
14. Assessment of the effectiveness of the department's oversight of communications portfolio entities	Analysis of oversight actions required and performed for each entity
15. Assessment of whether program 1.1 administered items are delivered efficiently	For each administered item, analysis and comparison between projected and actual milestones and budget



Measure (2018–19)	Method to calculate result
16. Engagement with the national cultural institutions, indicated through: <ul style="list-style-type: none"> (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 	Analysis of reporting from the national cultural institutions
17. Assessment of the impact of our activities to support inclusion of: <ul style="list-style-type: none"> (a) regional, rural and remote Australians (b) people with disability 	Analysis of regional grant program rollout; analysis of advancement of the National Arts and Disability Strategy
18. GDP contribution by the creative and cultural sectors, including: <ul style="list-style-type: none"> (a) overall contribution (b) contribution of broadcasting, electronic or digital media and film (c) contribution of music composition and publishing 	Analysis of Australian Bureau of Statistics data by our Bureau of Communications and Arts Research
19. Philanthropic funding to the creative and cultural sectors, including: <ul style="list-style-type: none"> (a) estimated private sector support to the arts (b) to organisations listed on the Register of Cultural Organisations 	Analysis of Australian Bureau of Statistics data by our Bureau of Communications and Arts Research; analysis of reporting by organisations listed on the Register of Cultural Organisations
20. Number of students successfully completing courses at national elite performing arts training organisations	Analysis of reporting by the arts training organisations



Measure (2018–19)	Method to calculate result
21. Assessment of the impact of our programs on supporting, preserving and celebrating: (a) Indigenous languages and arts (b) Australian creativity and culture internationally	Analysis of a range of resources on Indigenous visual arts, Indigenous languages, Indigenous repatriation and international cultural engagement
22. Assessment of the effectiveness of the content regulatory framework for classification, Australian content and copyright	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 Australian Copyright Council; analysis of data from the annual Consumer Survey on Online Copyright Infringement
23. Assessment of whether the media regulatory framework is fit-for-purpose	Analysis of reporting by the ACMA on media audiences, advertising trends and broadcasting complaints, and reporting by ABC and SBS on audience metrics
24. Expenses for arts and cultural development (program 2.1)	Analysis of financial statements (audited by the Australian National Audit Office)
25. Assessment of the effectiveness of the department's oversight of arts and cultural portfolio entities	Analysis of oversight actions required and performed for each entity
26. Assessment of whether program 2.1 administered items are delivered efficiently	For each administered item, analysis and comparison between projected and actual milestones and budget





Part 3:

Management and accountability

This part of the report provides information about corporate governance and performance, external scrutiny, our people, and financial management.

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Management of human resources	105
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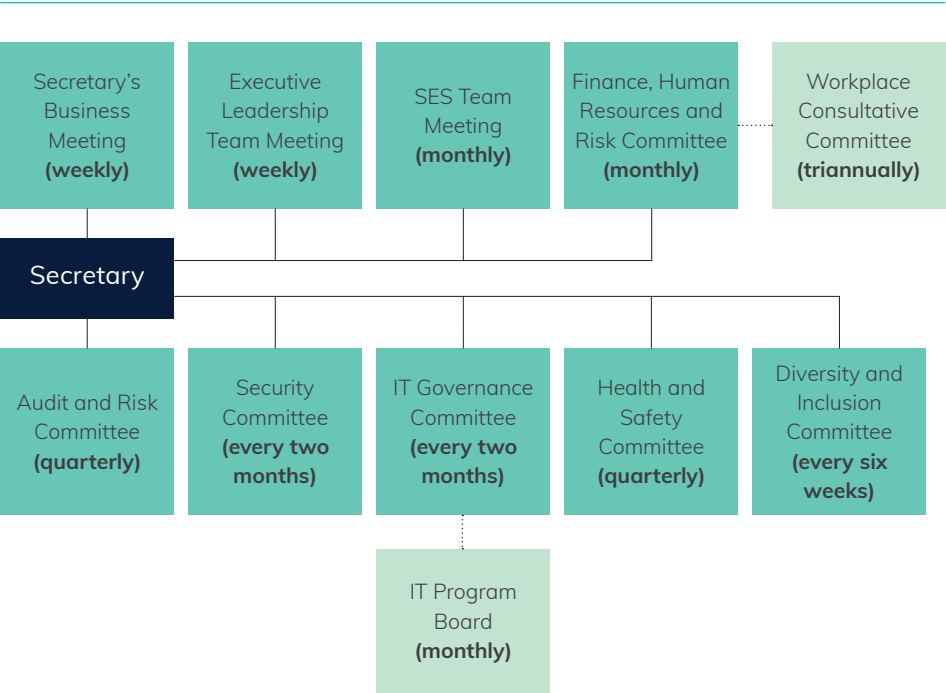


Corporate governance and performance

Management committees

Our management committees oversee key areas of our strategy and operations and implement the principles and objectives of good governance. The committees shown in Figure 3.1 were operating in the 2018–19 reporting period.

Figure 3.1 Governance Committee Framework at 30 June 2019



Secretary's Business Meeting

The Secretary's Business Meeting is our main executive body and formally considers ministerial support matters, corporate policy matters, high-level policy, departmental resourcing (including non-IT capital investment proposals) and operational matters. The Secretary's Business Meeting consists of the Secretary, Deputy Secretaries and Chief Operating Officer.



Executive Leadership Team Meeting

The Executive Leadership Team Meeting is our main executive business and coordination forum. The meeting:

- › provides the Executive Leadership Team with an opportunity to discuss key issues concerning our performance, areas for improvement and upcoming priorities
- › receives briefings from First Assistant Secretaries on key issues for each division
- › considers monthly financial and human resource reports and weekly ministerial and governance-related reports

The Executive Leadership Team Meeting comprises the Secretary, Deputy Secretaries and First Assistant Secretaries. Senior Executive Service (SES) staff from the Corporate Division attend as advisers.

Senior Executive Service (SES) Team Meeting

The SES Team Meeting, comprising the Secretary and all departmental SES staff, provides an opportunity to:

- › promote closer links and engagement as an SES group
- › provide learning and development training for the SES
- › encourage participation by SES employees in organisational management discussions
- › provide feedback from SES employees to the Executive on key management issues
- › update the SES group on important government, Australian Public Service (APS) and departmental policy and operational matters

Finance, Human Resources and Risk Committee

The Finance, Human Resources and Risk Committee:

- › oversees our Budget process
- › considers our monthly financial reports
- › recommends Budget priorities to the Secretary
- › oversees the development of our annual report
- › considers our monthly human resources and workforce reports
- › provides a forum for financial and human resource management issues to be raised and discussed
- › considers risks to our achievement of finance and human resource strategic and operational objectives

The membership comprises the Secretary, Deputy Secretaries, Chief Operating Officer, Chief Financial Officer, and Assistant Secretaries from the Human Resources and Security Branch and the Governance Branch.



Workplace Consultative Committee

The Workplace Consultative Committee is the principal forum through which formal consultation and discussions on workplace relations matters take place between management and employees.

The committee is comprised of the Chief Operating Officer, Assistant Secretary Human Resources and Security, and staff representatives from each of the department's divisions.

Audit and Risk Committee

The Audit and Risk Committee provides independent advice and assurance to the Secretary on the appropriateness of financial and performance reporting, the system of risk oversight and management, and internal control. The committee is comprised of external and internal members and has an independent chair.

Security Committee

The Security Committee was established to discuss matters that affect the security and safety of departmental employees and the security of departmental offices. It also acts as an advisory and decision-making committee addressing issues and providing advice to the Secretary in relation to security governance within the department.

The committee is comprised of the Chief Security Officer, Assistant Secretary Human Resources and Security, Chief Information Officer, Assistant Secretary Governance, Agency Security Adviser, IT Security Adviser, First Assistant Secretary Market Reforms, Assistant Director Property and Security, and Senior Adviser Property and Security (meeting secretariat).

Information Technology (IT) Governance Committee

The IT Governance Committee:

- › develops a common vision for our IT requirements and information governance
- › oversees our data requirements and determines data collection priorities
- › ensures that our information is managed for its entire life in accordance with risk, including risks associated with security, access, privacy, continuity and cost
- › recommends IT governance funding priorities to the Secretary
- › recommends appropriate information security policies to the Secretary
- › oversees internal information reviews to identify information assets and their value, manages risk and compliance, and improves business processes
- › provides a forum for IT and information governance to be raised and discussed
- › makes decisions informed by the portfolio risk assessment

The committee is comprised of a Deputy Secretary, the Chief Information Officer, Chief Operating Officer, Chief Financial Officer and two Executive Leadership Team representatives.



Information Technology (IT) Program Board

The IT Program Board:

- › provides guidance on and oversight of key IT projects to ensure timely efficient and effective delivery of quality outcomes
- › identifies, manages, mitigates, escalates and resolves risks and issues managed by the program board, takes action as required and escalates risks to the IT Governance Committee
- › ensures program products and deliverables are fit-for-purpose including acceptance of key deliverables and changes in scope as required
- › monitors project progress, and provides sign-off on key project documentation and on final product releases
- › ensures benefits are managed/realised once a project closes

The Board reports up to the IT Governance Committee on project progress and any issues. The Board comprises the Chief Operating Officer, Chief Information Officer, Chief Financial Officer, Assistant Secretary representatives from various business areas, and project directors and managers.

Health and Safety Committee

The Health and Safety Committee is a key forum that supports our safety culture. It is an integral component of our Workplace Health and Safety (WHS) Framework and has responsibility for achieving positive outcomes in the management of WHS issues.

The committee is comprised of a staff representative from each of the department's divisions, our WHS Officer, and the Assistant Secretary Future Connectivity Branch, who is the committee's chair.

Diversity and Inclusion Committee

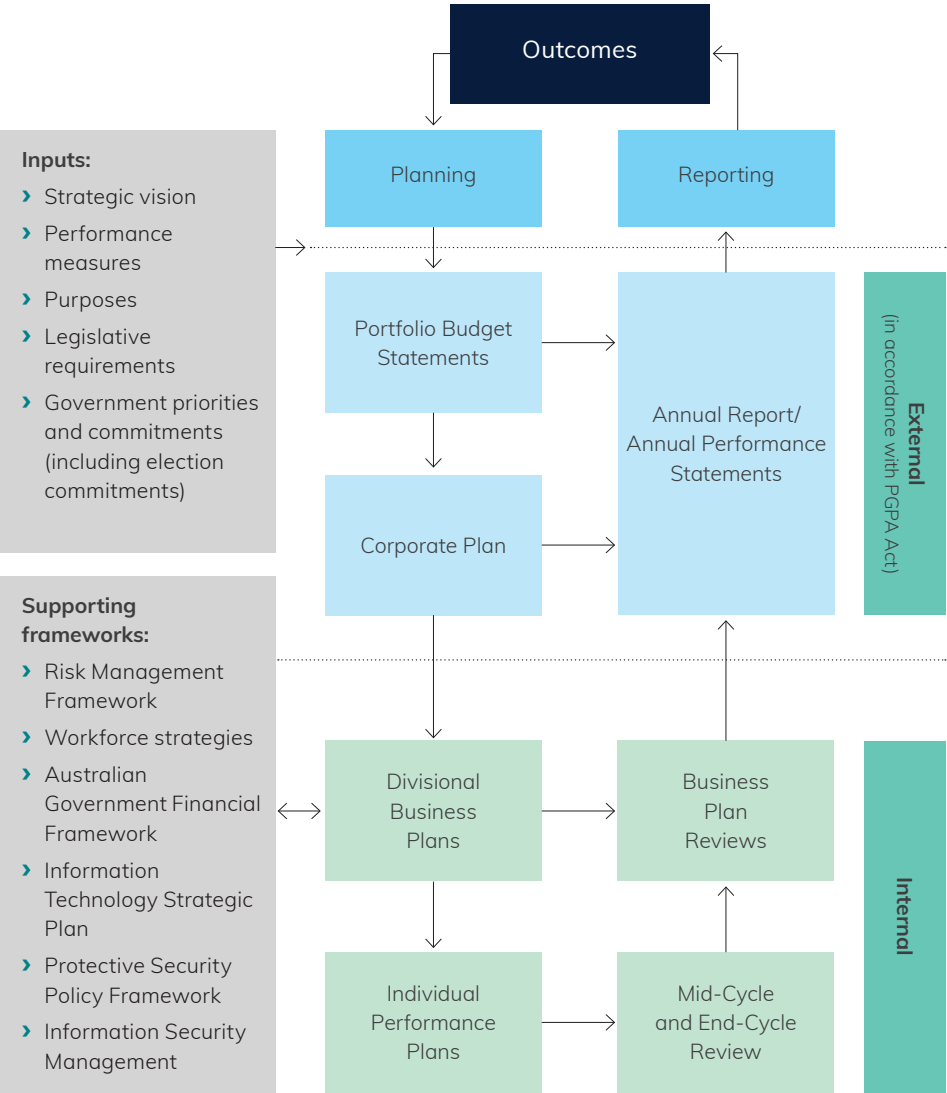
The Diversity and Inclusion Committee supports the work of the whole-of-government Secretaries' Equality and Diversity Committee which is committed to improving diversity across the APS. Our committee assists to achieve this commitment by removing barriers to enable staff to realise their full potential. The committee is comprised of our SES Champions (Disability, Gender equality, Indigenous, Cultural and linguistic diversity, LGBTQIA+) and four staff representatives.

Planning and reporting framework

Our internal and external planning and reporting framework, shown in Figure 3.2, sets out our approach to managing organisational performance. Planning takes place in advance of each financial year. Regular progress reporting, which aligns with the Budget process, is built into the framework. Business plan reviews, in particular, give the department's Executive the ability to review business priorities, risk and the operating environment, and make adjustments, including to strategy and governance arrangements, if required.



Figure 3.2 Planning and reporting framework



Internal audit and risk management

During 2018–19, internal audit services were provided by BellchambersBarrett and RSM Australia. Delivery of these audit services was overseen by our internal audit team and the Audit and Risk Committee.

At 30 June 2019, three internal audits had been completed during the reporting period, and one internal audit was underway.

The internal audit team tracked recommendations and reported progress to the Audit and Risk Committee and the Secretary.

Our Risk Management Framework includes our Risk Management Policy, Risk Management Instruction and Fraud Control Plan. The framework facilitates a culture that promotes an open and proactive approach to managing risk. It encourages risk assessment, informed risk taking, and the anticipation and treatment of risk in delivering our objectives.

Our risk oversight includes regular monitoring and reporting on risk through the business planning and review process and the Audit and Risk Committee.

Promoting appropriate ethical standards

Our Handling Misconduct policy and procedures support compliance with the APS Code of Conduct, APS Employment Principles and APS Values. We recognise that adherence to the APS Code of Conduct contributes to a positive working environment, particularly through treating everyone with respect and courtesy and without harassment.



External scrutiny

The Australian National Audit Office published one performance audit report that involved our participation in 2018–19, [Governance of the Special Broadcasting Service Corporation](#), published 26 April 2019.

Freedom of information (FOI)

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



Management of human resources

Managing and developing employees

In 2018–19, we were effective in managing and developing employees to achieve entity objectives. This is demonstrated through information on developments during the year in relation to workforce planning, entry level programs, staff retention and turnover, training and development, and productivity gains.

Workforce planning

This year, we developed a three-year workforce plan to enable us to plan and be prepared for the workforce of the future.

In developing our plan, we reviewed our business plans to understand our future operating environment and organisational priorities. We considered our current workforce profile and forecast our workforce needs. We identified gaps between current and future capability and structural needs, and identified four strategies to address our findings:

- › build our capacity to meet changing business priorities
- › improve knowledge sharing and retention
- › enhance management capability
- › enhance workforce capability

In 2019–20, we will commence implementation of our workforce plan. We will continue to identify ways of developing our workforce in line with our identified strategies and through our people strategies, particularly our learning and development strategy and our recruitment strategy.

Entry level programs

In January 2019, we welcomed 13 new graduate employees into the department. Our entry level programs continue to provide a way to attract and recruit high calibre graduates with the skills and capabilities required to support the department. The 2020 graduate recruitment process has been aligned to the department's capability and succession planning needs as outlined in the workforce plan and has a particular focus on the critical positions over the next one to three years.



Staff retention and turnover

Our staff separation rate during 2018–19 was 20.6% (111). This includes 52.3% (58) employees who went to another APS agency and 47.7% (53) who retired (9), resigned (42) and took redundancies (2).

Table 3.1 2018–19 staff commencements and terminations

	Commencements		Terminations	
	Ongoing	Non-ongoing — specified term	Ongoing	Non-ongoing — specified term
Female	58	20	66	18
Male	28	11	45	9
Total	86	31	111	27
		117		138

Note: Data does not include casual employees or temporary transfers.

Training and development

In 2018–19, we continued our focus on policy fundamentals, leadership and management, and performance conversations to enhance the performance of our workforce. We have also continued to build cultural awareness within the agency, and project management capability. Concurrently, we commenced a new learning and development strategy.

Our new learning and development strategy will be implemented in the first half of 2019–20 and intends to empower our people to learn, develop and grow their expertise through on-the-job experiences and from each other. We have placed an emphasis on building a culture of learning, deepening our expertise and knowledge of our domain, and enabling our people to respond in a rapidly changing environment.

In 2018–19, we have:

- › delivered training to support staff and managers to have constructive performance conversations
- › delivered our Leadership and Management Program to increase manager accountability, knowledge and confidence
- › delivered unconscious bias training and the Warumilang Cultural Awareness Training as well as continued to promote the Core Cultural Learning course developed by the Australian Institute of Aboriginal and Torres Strait Islander Studies to contribute to a culturally inclusive work environment



- › partnered with the Crawford School of Public Policy at the Australian National University to build our policy expertise
- › increased our support to upskill the workforce through our studies assistance

In 2018–19, we introduced eight mandatory eLearning modules for all staff. These modules are required to be completed by all staff each year to support the department's compliance obligations. The annual suite of compliance modules ensures all staff are informed of their key obligations, responsibilities and duties in their role within the department and as part of the APS. This will continue to be an annual focus, with further embedding within individual performance plans and performance conversations to ensure all staff are compliant.

Productivity gains

Our main capability development programs are evaluated using pre- and post-program data that measures shifts in participant learning and applicability of learning to work.

As an example, our Leadership and Management Program has shown notable improvements in post-program measures across key managerial responsibilities and attitudes towards team management. Both our performance conversation programs showed positive shifts in skills and confidence to engage in constructive performance conversations. Evaluation of our policy program showed relevance and applicability of the coursework to participants' daily work.

Our revised learning and development strategy will include a matured model of evaluation of learning.

Disability reporting

Between 1994 and 2007–08, Australian Government entities reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at apsc.gov.au. From 2010–11, entities have no longer been required to report on any of these functions.

The Commonwealth Disability Strategy was superseded by the [National Disability Strategy 2010–2020](#), which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. Every two years, a high-level report tracks progress against each of the outcome areas of the strategy and presents a picture of how people with disability are faring. The first of these progress reports was published in 2014. Reports can be found at dss.gov.au.



Workplace diversity

Our three-year [Diversity and Inclusion Strategy 2016–2019](#) helps ensure our workforce reflects, respects and benefits from diversity. Our strategy aims to encourage commitment to diversity across the department. It outlines strategies for attraction, development and retention of a diverse workforce, including accountability for the measurement of outcomes.

Our Diversity and Inclusion Strategy 2016–2019 is actively supported by the following action plans:

- › Carers Action Plan
- › Culturally and Linguistically Diverse Action Plan 2019
- › Disability Action Plan
- › Gender Action Plan 2017–2019
- › Lesbian, Gay, Bisexual, Trans, Queer, Intersex, Asexual and other sexualities (LGBTQIA+) Action Plan
- › Reconciliation Action Plan

Departmental networks are an integral part of our Diversity and Inclusion Strategy, together with SES Diversity Champions and staff representation on our Diversity and Inclusion Committee.

In the past year, we have continued to focus on recruitment and retention, to ensure that staff members with disability are supported in the workplace, in appropriate and meaningful positions that maximise their contribution. This included:

- › affirmative measures recruitment for a bulk APS 2 round
- › our involvement with the Australian Network on Disability, as a gold member of the network
- › celebrating International Day of People with Disability, by launching a new exhibition space in our Canberra office showcasing work by artists with disability in the region, in conjunction with the Belconnen Arts Centre
- › our Disability and Allies Network, which continued to host events to engage and inform staff on matters of inclusion and disability pride, including fundraising for an employee to participate in the Special Olympics in Abu Dhabi, United Arab Emirates, and hosting an event for International Guide Dog Day

Our 2020 Graduate Program recruitment campaign continued to encourage applications from people with disability, Aboriginal and Torres Strait Islander peoples, LGBTQIA+ people, those from culturally and linguistically diverse backgrounds and those of mature age. Aboriginal and Torres Strait Islander graduates or graduates with disability were invited to apply through affirmative measures.

Our Reconciliation Action Plan contributes to embracing a whole-of-department approach to building stronger internal and external relationships with Aboriginal and Torres Strait Islander peoples, organisations and communities.



The United Nations declared 2019 the International Year of Indigenous Languages, raising awareness about the crucial role of languages. To contribute, our website featured stories and articles, which were also circulated to other departments and agencies. We supported NAIDOC week by being a partner for the ACT NAIDOC Awards night and sponsoring the Artist of the Year.

We have sustained our focus on Indigenous employment, by continuing the development of our Employment Strategy, with a focus on increasing employment participation of Aboriginal and Torres Strait Islander peoples.

Our contribution to increasing the representation of Aboriginal and Torres Strait Islander employees to meet our target of 4.5% is progressing. At 30 June 2019, we had 24 employees who identify as an Aboriginal or Torres Strait Islander person (4.24% of our workforce). Table 3.2 presents statistics from 30 June 2018 and 30 June 2019.

Table 3.2 Employees who identify as Indigenous

	Total at 30 June 2018	Total at 30 June 2019
Ongoing	22	24
Non-ongoing	1	–
Total	23	24

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June for a total period greater than 90 days).

The Pride and Allies Network continued to promote inclusion of people who identify as LGBTQIA+. In 2018–19, the network has promoted inclusion through internal events such as supporting LGBTQIA+ children and loved ones, participating in external all-APS events and promoting resources for managers and supervisors within the department including a manager's guide to LGBTQIA+ workplace inclusion.

In 2017, our [Gender Action Plan 2017–2019](#) was well-received within the department and across the APS as a benchmark example. We are now preparing to design a new plan which will outline aspirational but attainable actions and objectives, and will be informed by our progress in implementing the plan.

In 2018–19, the Gender Equality Network continued to organise activities to raise awareness and staff engagement in relation to gender issues, including facilitating staff cohort attendance at events, such as the She Leads Conference, Australian Gender Economics Workshop 2019 and the All About Women festival, and hosting talks by distinguished women in art, letters, politics and community work.



Our Cultural and Linguistic Diversity (CALD) Network continued its work promoting and engaging on matters that impact people from a culturally and linguistically diverse background. The network delivered on all action items identified in our CALD Action Plan, which is linked to our Diversity and Inclusion Strategy.

Terms and conditions of employment

Enterprise Agreement

Our Enterprise Agreement was re-negotiated in August 2018 and came into effect on 1 February 2019. In accordance with the Secretary's determination of 31 January 2019, eligible staff received a 2% pay increase with effect from 24 October 2018. The agreement, which nominally expires on 1 February 2022, covers all non-SES staff employed under the [Public Service Act 1999](#). At 30 June 2019, the Enterprise Agreement covered 527 staff.

Individual flexibility arrangements

A total of 17 non-SES employees had an individual flexibility arrangement in place during 2018–19. These were provided to recognise skill, additional responsibility, additional hours worked and salary maintenance.

Australian workplace agreements and common-law contracts

We have no workplace agreements or common-law contracts in place.

Executive remuneration

Section 17AD(da) of the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA Rule) requires the annual report to include information about executive remuneration.

Public office holders

The Secretary's remuneration and terms of employment is determined by the Remuneration Tribunal. It reviews the [Departmental Secretaries — Classification Structure and Terms and Conditions Determination](#) annually.

The remuneration and terms of employment for the full-time members of the Classification Board, including the Director and Deputy Director, are also determined by the Remuneration Tribunal. It reviews the [Remuneration Tribunal \(Remuneration and Allowances for Holders of Full-time Public Office\) Determination](#) annually.



Senior Executive Service (SES)

The terms and conditions of employment for SES staff are contained in individual determinations made under subsection 24(1) of the Public Service Act. These instruments set the remuneration and employment conditions for SES staff and provide for non-salary inclusions relating to leave arrangements and entitlements, superannuation, salary sacrifice and travel.

The department's SES Remuneration Policy provides SES employees with information about their remuneration arrangements. The policy should be read in conjunction with an employee's determination.

The Secretary will determine an SES employee's annual salary and any increases that are applied. The main principles guiding the remuneration of SES staff within the department are:

- › to attract and retain high-quality SES
- › rewarding individuals according to their assessed contribution and performance against corporate objectives
- › providing remuneration that is competitive within the APS and complies with the APS Executive Remuneration Management Policy
- › providing a remuneration regime that is equitable, consistent and fair

Non-salary benefits provided to employees

Employees may access a range of salary sacrifice benefits including:

- › membership fees and subscriptions to professional associations
- › home office expenses
- › financial counselling fees
- › disability/income protection insurance premiums
- › self-education expenses (work related)
- › superannuation
- › motor vehicle (for private use) by way of Novated Lease
- › portable electronic devices
- › airline lounge benefits

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

Flexibility arrangements

Our commitment to working flexibly is clearly articulated in our People Plan and our Diversity and Inclusion Strategy.



Workplace flexibility encompasses how we work in the office and allows staff 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 staff to work in locations other than the office (for example, working from home) to manage work–life balance. We also have a number of staff who work part-time.

Our technology, which includes laptops for all employees, soft phones and Skype for Business, underpins and enables our flexible work arrangements.

Staff engagement

We continue to be focused on building an organisational culture in which our values and behaviours make the department a great place to work. Targeted activities aimed at building staff engagement and embedding culture are delivered through the staff-led networks including the:

- › CALD Network
- › Carers Network
- › Disability and Allies Network
- › Flexible Work Arrangements Working Group
- › Gender Equality Network
- › Indigenous Staff Network
- › Parental Leave Working Group
- › Pride and Allies Network
- › Social Club
- › Vacation Care Working Group

These networks meet regularly to ensure individual network or group events are aligned with our broader cultural objectives.

In addition to staff-led networks, we have established departmental networks, of which staff are nominated by their colleagues or self-elect to be members, providing opportunities to contribute towards the operation and cultural development of the department. These networks include the:

- › Diversity and Inclusion Committee
- › Health and Safety Committee
- › Workplace Consultative Committee



Financial management

Assets management

In 2018–19, our assets management processes were effective. Our capital plan reflects the 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 for non-artwork targeting key asset classes or events to update and verify the accuracy of our asset records and review their condition and utility. A separate stocktake of all artworks held on premises by Artbank is completed once a year.

Purchasing

In terms of performance against the [Commonwealth Procurement Rules](#), our procurement policies and processes in 2018–19 were consistent with the rules, and with the [Public Governance, Performance and Accountability Act 2013](#) (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.

Consultants

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 2018–19 was in accordance with the PGPA Act and the Commonwealth Procurement Rules: it is based on the core principle of achieving value for money.



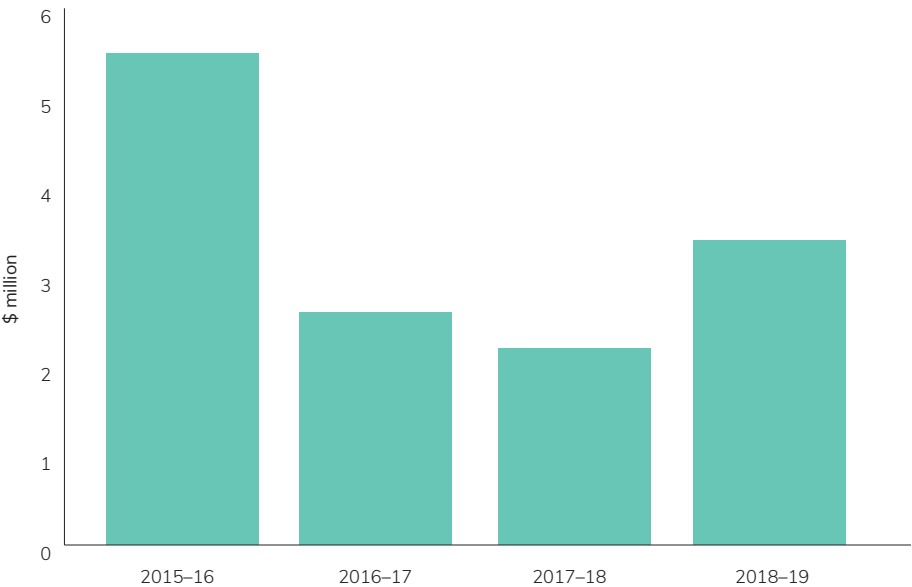
The main categories in which consultants were engaged are for the provision of:

- › legal services
- › auditing and accounting services
- › economic services
- › other professional services, including in relation to engineering, broadcasting, telecommunications and the arts

During 2018–19, 68 new consultancy contracts were entered into involving total actual expenditure during that period of \$2.5 million. In addition, 22 ongoing consultancy contracts were active during 2018–19, involving total actual expenditure during that period of \$0.9 million. Therefore, total consultancy expenditure during 2018–19 was \$3.4 million. Figure 3.3 shows expenditure on consultancy contracts since 2015–16.

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](#).

Figure 3.3 Expenditure on consultancy contracts, 2015–16 to 2018–19



Procurement initiatives to support small business

We support 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).
- › 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 have exceeded our portfolio target for supporting Indigenous businesses.
In 2018–19, we raised awareness of the Commonwealth Indigenous Procurement Policy including with our portfolio entities, many of which are not bound by the policy.
In 2018–19, our portfolio achieved 464 new contracts with Indigenous businesses worth \$38.5 million against a full-year target of 18 new contracts.

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 Treasury on [its website](#).

Grants

Information on grants awarded by the department during 2018–19 is available on the [GrantConnect website](#).





Part 4:

Financial statements

This part of the report contains our audited financial statements for the year ended 30 June 2019, in accordance with subsection 43(4) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).



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Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Cyber Safety and the Arts

Opinion

In my opinion, the financial statements of the Department of Communications and the Arts ('the Entity') for the year ended 30 June 2019:

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

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

- Statement by the Accountable Authority and Chief Finance 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 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 me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

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Key audit matter	How the audit addressed the matter
<p>Valuation of Administered Loans</p> <p><i>Refer to Note 4.1B 'Trade and Other Receivables' and Note 7.3 'Administered – Financial Instruments'</i></p> <p>The Entity administers a loan to NBN Co Limited which as at 30 June 2019 was valued at \$13 053 million.</p> <p>I focused on this area given the significance of the balance to the Entity and the need for considerable judgements to be made in assessing whether there is any impairment of NBN's loan balance.</p> <p>The NBN loan is assessed for impairment based on an expected credit loss model underpinned by assumptions which require significant judgements about the recoverability of the loan. The significant judgements are based on expected cash flow forecasts and refinancing plans, indicative credit ratings, and probabilities of default events occurring, noting the absence of market comparisons. Changes in assumptions can result in material impacts on the expected credit loss and, accordingly, valuation of the loan.</p>	<p>To address the key audit matter I have:</p> <ul style="list-style-type: none"> assessed the reasonableness of the Entity's method for identifying forward looking credit loss indicators, and the technique used to estimate credit loss; considered the competence and objectivity of management's expert, and evaluated the reasonableness of the rationale and application of the expected credit loss model; assessed the reasonableness of key assumptions by comparing them to specific entity or industry benchmarks with appropriate adjustment for the loan arrangements and evaluated the model's sensitivity to key inputs; and tested the calculation logic and arithmetic accuracy of the model.
Key audit matter	How the audit addressed the matter
<p>Valuation of Administered Investments – NBN Co Limited</p> <p><i>Refer to Note 4.1 C 'Other Investments' and Note 7.5A 'Fair Value Measurements'</i></p> <p>The Entity has measured the fair value of its Investment in NBN Co Limited to be \$8 682 million as at 30 June 2019.</p> <p>The valuation of the Investment in NBN Co Limited is a key audit matter due to the significance of the balance and the significant judgement applied by the Entity in determining and applying the appropriate valuation approach, which is depreciated replacement cost.</p> <p>Determining the fair value of NBN Co Limited is complex and requires significant professional judgement on determining the fair value of network assets within property, plant and equipment (PP&E) that are reported on a cost basis in NBN Co Limited's financial statements. The fair value calculation for network assets requires the Entity to make judgements about stage of completion, technological and economic obsolescence assessments and cash flow forecasts.</p>	<p>To address the key audit matter I have:</p> <ul style="list-style-type: none"> assessed the appropriateness of the valuation approach used by the Entity to value NBN Co Limited against similar industry practice and Australian Accounting Standards; assessed the Entity's calculation of fair value of NBN Co Limited's PP&E considering the appropriateness of key assumptions and inputs used including stage of completion, technological and economic obsolescence assessments and cash flow forecasts; considered the sensitivity of the valuation by varying certain inputs in the Entity's fair value calculations including NBN Co Limited's economic obsolescence assessment and cash flow forecasts to other outcomes that I considered reasonably possible.



Key audit matter	How the audit addressed the matter
<p>Valuation of Administered Investments – Australian Postal Corporation</p> <p><i>Refer to Note 4.1C ‘Other Investments’ and Note 7.5A ‘Fair Value Measurements’</i></p> <p>The Entity has estimated the fair value of its Investment in the Australian Postal Corporation to be \$2 225 million as at 30 June 2019.</p> <p>The valuation of the Australian Postal Corporation, using a discounted cash flow model, is a key audit matter because the valuation model is dependent on assumptions that require significant management judgement about the discount rate, terminal value, growth rate and probabilities of future cash flows which are not based on observable market information.</p>	<p>To address the key audit matter I have:</p> <ul style="list-style-type: none"> assessed the appropriateness of the Entity’s valuation method, assumptions and inputs used in the valuation model, including the cash flow forecasts and discount rate. This included: <ul style="list-style-type: none"> consideration of the valuation methodology used against similar industry practice and Australian Accounting Standards; testing the reasonableness of assumptions underpinning net cash flows, in the valuation model against estimates and publications produced by the Australian Postal Corporation; assessed the Entity’s comparison of key inputs used in the valuation model against market information related to the valuation of listed companies with comparable operations; 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 possible.

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



Grant Heir
Auditor-General

Canberra
19 September 2019



Department of Communications and the Arts

2018-19 Financial Statements

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

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

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Communications and the Arts will be able to pay its debts as and when they fall due.

Signed.....

Mike Mrdak AO
Secretary
18 September 2019

Signed.....

Sarah Vandenbroek
Chief Financial Officer
18 September 2019

Department of Communications and the Arts
Statement of Comprehensive Income
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	73,068	71,021
Suppliers	1.1B	38,753	38,113
Depreciation and amortisation	3.2A	5,227	3,935
Finance costs	1.1C	3	19
Impairment loss allowance on financial instruments	1.1D	7	-
Losses from asset sales	1.1E	129	6,246
Other expenses	1.1F	3,200	5,220
Total expenses		120,387	124,554
Own-Source Income			
Own-source revenue			
Sales of goods and rendering of services	1.2A	3,625	3,788
Rental income	1.2B	1,991	1,886
Other revenue	1.2C	1,382	1,669
Total own-source revenue		6,998	7,343
Gains			
Other gains	1.2D	415	18,675
Total gains		415	18,675
Total own-source income		7,413	26,018
Net cost of services		(112,974)	(98,536)
Revenue from Government	1.2E	107,763	104,179
Surplus/(Deficit) before income tax on continuing operations		(5,211)	5,643
Surplus/(Deficit) after income tax on continuing operations		(5,211)	5,643
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	(392)
Total other comprehensive income/(loss)		-	(392)
Total comprehensive income/(loss)		(5,211)	5,251

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



Department of Communications and the Arts
Statement of Financial Position
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	5,592	4,666
Trade and other receivables	3.1B	19,387	21,195
Total financial assets		24,979	25,861
Non-financial assets			
Buildings	3.2A	12,649	13,843
Property, plant and equipment	3.2A	42,618	43,752
Intangibles	3.2A	8,627	6,563
Other non-financial assets	3.2B	4,164	2,370
Total non-financial assets		68,058	66,528
Total assets		93,037	92,389
LIABILITIES			
Payables			
Suppliers	3.3A	5,523	4,534
Other payables	3.3B	7,492	7,602
Total payables		13,015	12,136
Provisions			
Employee provisions	6.1	26,291	25,011
Other provisions	3.4	374	221
Total provisions		26,665	25,232
Total liabilities		39,680	37,368
Net assets		53,357	55,021
EQUITY			
Contributed equity		72,849	69,302
Reserves		7,049	7,049
Accumulated deficit		(26,541)	(21,330)
Total equity		53,357	55,021

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



Department of Communications and the Arts
Statement of Changes in Equity
for the period ended 30 June 2019

	Retained earnings		Asset revaluation reserve		Contributed equity		Total equity	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(21,330)	(26,750)	7,049	7,439	69,302	66,423	55,021	47,112
Adjustment for prior year error	-	(221)	-	-	-	-	-	(221)
Adjusted opening balance	(21,330)	(26,971)	7,049	7,439	69,302	66,423	55,021	46,891
Comprehensive income								
Surplus (Deficit) for the period	(5,211)	5,643	-	-	-	-	(5,211)	5,643
Other comprehensive income	-	-	-	(392)	-	-	-	(392)
Total comprehensive income	(5,211)	5,643	-	(392)	-	-	(5,211)	5,251
Transactions with owners								
Contributions to owners								
Returns of capital - repealed appropriation	-	-	-	-	-	(679)	-	(679)
Contributions by owners								
Departmental capital budget	-	-	-	-	3,547	3,558	3,547	3,558
Total transactions with owners	-	-	-	-	3,547	2,879	3,547	2,879
Transfers between equity components	-	(2)	-	2	-	-	-	-
Closing balance as at 30 June	(26,541)	(21,330)	7,049	7,049	72,849	69,302	53,357	55,021

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

Accounting Policy

Equity Injections

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

Restructuring of Administrative Arrangements

Net assets assumed from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity (refer Note 8.2).

Department of Communications and the Arts

Cash Flow Statement*for the period ended 30 June 2019*

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		115,904	116,145
Sales of goods and rendering of services		5,334	5,665
GST received		3,315	2,831
Other		3,179	2,704
Total cash received		127,732	127,345
Cash used			
Employees		71,571	68,419
Suppliers		42,697	40,219
Section 74 receipts transferred to Official Public Account		8,706	11,030
Other expenses		3,200	5,121
Total cash used		126,174	124,789
Net cash from operating activities		1,558	2,556
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		-	721
Total cash received		-	721
Cash used			
Purchase of land and buildings		483	1,807
Purchase of property, plant and equipment		545	5,249
Purchase of intangibles		4,023	504
Total cash used		5,051	7,560
Net cash used by investing activities		(5,051)	(6,839)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		150	-
Departmental capital budget		4,269	5,551
Total cash received		4,419	5,551
Net cash from financing activities		4,419	5,551
Net increase in cash held		926	1,268
Cash and cash equivalents at the beginning of the reporting period		4,666	3,398
Cash and cash equivalents at the end of the reporting period	3.1A	5,592	4,666

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



Department of Communications and the Arts
Administered Schedule of Comprehensive Income
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers	2.1A	376,205	383,955
Grants	2.1B	249,580	286,702
Depreciation and amortisation	4.2A	10,447	9,822
Impairment loss allowance on financial instruments	2.1C	241	-
Write-down and impairment of other assets	2.1D	-	1,582
Payments to corporate Commonwealth entities	2.1E	1,788,930	1,762,898
Other expenses	2.1F	13,625	13,604
Total expenses		2,439,028	2,458,563
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	2.2A	3,628	3,702
Interest	2.2B	353,374	71,862
Dividends	2.2C	42,205	78,472
Rental income	2.2D	1,529	1,529
Other revenue	2.2E	942	1,237
Total non-taxation revenue		401,678	156,802
Total revenue		401,678	156,802
Gains			
Other gains	2.2F	5,527	6,406
Total gains		5,527	6,406
Total income		407,205	163,208
Net cost of services		(2,031,823)	(2,295,355)
Deficit		(2,031,823)	(2,295,355)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		(1,841)	(88)
Items subject to subsequent reclassification to net cost of services			
Losses on available for sale financial assets		(4,831,145)	(4,915,290)
Total other comprehensive loss		(4,832,986)	(4,915,378)
Total comprehensive loss		(6,864,809)	(7,210,733)

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



Department of Communications and the Arts
Administered Schedule of Assets and Liabilities
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	4.1A	98	47
Trade and other receivables	4.1B	13,114,512	5,616,368
Other investments	4.1C	21,672,171	26,448,077
Other financial assets	4.1D	-	19
Total financial assets		34,786,781	32,064,511
Non-financial assets			
Buildings	4.2A	55,569	56,377
Property, plant and equipment	4.2A	138,140	148,012
Other non-financial assets	4.2B	2,965	2,917
Total non-financial assets		196,674	207,306
Total assets administered on behalf of Government		34,983,455	32,271,817
LIABILITIES			
Payables			
Suppliers	4.3A	330,215	340,653
Grants	4.3B	13,255	29,632
Other payables	4.3C	17,206	19,061
Total payables		360,676	389,346
Provisions			
Other provisions	4.4A	-	1,173
Total provisions		-	1,173
Total liabilities administered on behalf of Government		360,676	390,519
Net assets		34,622,779	31,881,298

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



Department of Communications and the Arts
Administered Reconciliation Schedule
for the period ended 30 June 2019

	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July	31,881,298	29,246,663
Adjustment for change in accounting policies ¹	(1,600)	-
Adjusted opening assets less liabilities	31,879,698	29,246,663
Net cost of contribution by services		
Income	407,205	163,208
Expenses		
Payments to entities other than corporate Commonwealth entities	(650,098)	(695,665)
Payments to corporate Commonwealth entities	(1,788,930)	(1,762,898)
Other comprehensive income		
Revaluations transferred to (from) reserves	(4,831,145)	(4,915,290)
Asset revaluation reserve	(1,841)	(88)
Transfers (to) from the Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered assets and liabilities appropriations		
Asset and liabilities appropriations for payments to corporate Commonwealth entities	55,240	2,075,156
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	406,080	427,696
Payments to corporate Commonwealth entities	1,788,930	1,762,898
Loans to corporate Commonwealth entities	7,522,000	5,531,000
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	47	70
Funds provided from related entity to special account	253,887	227,220
Appropriation transfers to OPA		
Transfers to OPA	(418,294)	(178,672)
Closing assets less liabilities as at 30 June	34,622,779	31,881,298

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

¹Adjustment for changes in accounting policies reflect the adoption of AASB 9 *Financial Instruments* on 1 July 2018. As permitted by AASB 9, comparative information has not been restated. For more information refer to Note 4.1B.

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the entity for use by the Government rather than the entity 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 Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.



Department of Communications and the Arts
Administered Cash Flow Statement
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		3,554	3,729
Interest		352,442	71,021
Dividends		42,205	78,472
GST received		54,158	56,311
Other		902	1,317
Total cash received		453,261	210,850
Cash used			
Grants		287,674	319,424
Suppliers		409,095	402,165
Payments to corporate Commonwealth entities		1,788,930	1,762,898
Other		16,320	14,791
Total cash used		2,502,019	2,499,278
Net cash used by operating activities		(2,048,758)	(2,288,428)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans from corporate Commonwealth entities		20,000	20,000
Proceeds from return of equity by corporate Commonwealth entities		-	5,000
Total cash received		20,000	25,000
Cash used			
Loans to corporate Commonwealth entities		7,522,000	5,531,000
Corporate Commonwealth entity investments		55,240	2,075,156
Purchase of buildings		1,608	1,636
Total cash used		7,578,848	7,607,792
Net cash used by investing activities		(7,558,848)	(7,582,792)
FINANCING ACTIVITIES			
Cash received			
Funds provided from related entity for special account		253,887	227,220
Total cash received		253,887	227,220
Net cash from financing activities		253,887	227,220
Net decrease in cash held		(9,353,719)	(9,644,000)
Cash and cash equivalents at the beginning of period		47	26,711
Cash from Official Public Account			
Appropriations		406,080	427,696
Corporate Commonwealth entities appropriations		1,844,170	3,838,054
Loans to corporate Commonwealth entities		7,522,000	5,531,000
Special appropriations		47	70
GST drawdowns from Finance		53,925	55,533
Total cash from official public account		9,826,222	9,852,353
Cash to Official Public Account			
Interest received		352,442	71,021
Dividends		42,205	78,472
GST repayments to Finance		54,158	56,345
Other - receipts		23,647	29,179
Total cash to official public account		472,452	235,017
Cash and cash equivalents at the end of the reporting period	4.1 A	98	47

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



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the Entity

The Department of Communications and the Arts (the Department) is a Government controlled entity. It is a not-for-profit entity. The objective of the Department is to foster an environment in which all Australians benefit from access to diverse communication services and artistic and cultural experiences.

The Department is structured to meet the following outcomes:

Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services

Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

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

Activities that contribute to these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

The financial statements have been prepared in accordance with:

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

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

Significant Accounting Judgements and Estimates

For the Administered Investment in Australia Post, management estimates are used to determine volume and price growth rates and the weighted average cost of capital that underpin the discounted cash flow valuation at the end of the reporting period. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods. The valuation of NBN Co Limited (NBN Co) is based on the net assets approach. For more information refer to Note 4.1C.

For the Administered loan to NBN Co, management judgement is used to assess if there has been a significant increase in credit risk in accordance with AASB 9 *Financial Instruments*. The Department assesses exposure to credit risk with reference to the probabilities of default. For more information refer to Note 4.1B.

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



Department of Communications and the Arts**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Changes in Accounting Policies****AASB 9 Financial Instruments**

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

AASB 9 introduces an expected credit loss model for impairment of financial assets. The measurement of financial assets now includes a forward looking assessment of the expected credit losses associated with the financial instrument. The Department has reviewed the requirements of the expected credit loss model under AASB 9 and has recognised an impairment allowance on the NBN Co loan on transition to the new standard at 1 July 2018 of \$1,600,000. The Department has assessed that there has been no significant increase in credit risk of the NBN Co loan since inception and the probability of default has been assessed as extremely low. In accordance with the transitional provisions in AASB 9, the impairment allowance has been recognised in the current year opening retained earnings with no change to comparatives. For more information refer to Note 4.1B.

The Department performed a review of its current classification and measurement of remaining financial assets and liabilities under the requirements of the new standard. Based on this review, the Department did not identify any other material changes to the classification or measurement of its other financial instruments.

New Accounting Standards

All other new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Department's financial statements.

Future Accounting Standards

All new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect on the Department's financial statements with the exception of AASB 16 *Leases*.

The Department expects to apply AASB 16 *Leases* from 1 July 2019. This Standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. As at 30 June 2019 the Department has a net \$65.119 million (GST inclusive) in operating lease commitments over the next eight years.

Taxation

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

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

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

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.



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Events After the Reporting Period

Departmental

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

Administered

The *Public Governance, Performance and Accountability (Establishing Old Parliament House) Amendment Rules 2019* (Amendment Rules) amend the PGPA OPH Rule to reflect the transfer of responsibility for OPH from the Communications and the Arts portfolio to the Prime Minister and Cabinet portfolio, as reflected in amendments to the Administrative Arrangements Order (AAO) made by the Governor-General on 8 August 2019. The AAO amendments, which establish responsibility for OPH in the Prime Minister and Cabinet portfolio, will take effect from 1 September 2019.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance**1.1 Expenses**

This section analyses the financial performance of the Department of Communications and the Arts for the year ended 2019.

	2019 \$'000	2018 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	54,060	52,202
Superannuation		
Defined contribution plans	5,097	4,943
Defined benefit plans	5,145	5,217
Leave and other entitlements	7,528	6,912
Separation and redundancies	490	728
Other employee expenses	748	1,019
Total employee benefits	73,068	71,021

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section at Note 6.

Note 1.1B: Suppliers**Goods and services supplied or rendered**

Consultants and contractors	10,096	8,827
IT services	8,493	7,489
Office requisites	999	1,158
Property	1,603	2,465
Training	1,259	1,458
Travel	2,592	2,041
Other goods and services	3,877	3,423
Total goods and services supplied or rendered	28,919	26,861

Goods supplied	3,009	3,177
Services rendered	25,910	23,684
Total goods and services supplied or rendered	28,919	26,861

Other suppliers

Workers compensation expenses	191	323
Operating lease rentals	9,643	10,929
Total other suppliers	9,834	11,252
Total suppliers	38,753	38,113

Leasing commitments

The Department in its capacity as lessee for 2 Phillip Law St, Canberra is subject to a 3.5% fixed annual adjustment with a market rent review in April 2023. The lease term expires on 14 December 2027.

The Department in its capacity as lessee for Level 46, 360 Elizabeth Street, Melbourne is subject to a 4% fixed annual adjustment. The lease term expires on 3 April 2022.

The Department in its capacity as lessee for 23-33 Mary Street Level 6, Sydney is subject to a 3% fixed annual adjustment. The lease term expires on 14 May 2021.

The Department in its capacity as lessee for 222 Young Street, Sydney is subject to a 3% fixed annual adjustment. The lease term expires on 31 December 2023.

The Department in its capacity as lessee for 18-24 Down Street, Collingwood is subject to a 3% fixed annual adjustment with a market rent review in January 2025. The lease term expires on 31 December 2026.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	9,844	9,355
Between 1 to 5 years	38,903	36,304
More than 5 years	35,589	45,313
Total operating lease commitments	84,336	90,972
The above commitment amounts are GST inclusive.		

Accounting Policy

Where an asset is acquired by means of a finance lease, the asset is capitalised at the lower of the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Note 1.1C: Finance Costs

Unwinding of discount	3	19
Total finance costs	3	19

Note 1.1D: Impairment Loss Allowance on Financial Instruments

Impairment of financial instruments	7	-
Total impairment loss allowance on financial instruments	7	-

Note 1.1E: Losses from Asset Sales**Heritage and cultural:**

Proceeds from sale	-	(721)
Carrying value of assets sold	-	1,126

Property, plant and equipment:

Carrying value of assets disposed	85	543
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Building:

Carrying value of assets transferred	-	5,212
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Intangibles:

Carrying value of assets disposed	44	86
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Net losses from asset sales

	129	6,246
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Note 1.1F: Other Expenses

Contributions to corporate Commonwealth entities	1,270	3,551
Contributions to State and Territory Governments	678	368
Contributions to Non-profit organisations	370	465
Contributions to Administered special account	856	786
Other contributions	-	50
Other expenses	26	-
Total other expenses	3,200	5,220



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

	2019 \$'000	2018 \$'000
Own-Source Revenue		
<u>Note 1.2A: Sale of Goods and Rendering of Services</u>		
Rendering of services	3,625	3,788
Total sale of goods and rendering of services	3,625	3,788

Accounting Policy

Revenue from the sale of goods and rendering of services is recognised when:

- a) The risks and rewards of ownership have been transferred to the buyer; and
 - b) The entity retains no managerial involvement or effective control over the goods.
- The stage of completion of contracts at the reporting date is determined by reference to:
- a) Surveys of work performed;
 - b) Services performed to date as a percentage of total services to be performed; or
 - c) The proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

Note 1.2B: Rental Income

Rental reimbursements for car parking	-	10
Rental Rebates	37	39
Operating Lease Rental	1,954	1,837
Total rental income	1,991	1,886

Subleasing rental income commitments

The Department in its capacity as lessor sublet two floors at 2 Phillip Law St, Canberra as of 1 July 2017. The lease is subject to a 3.5% fixed annual adjustment, with a market rent review in April 2023. The lease term expires on 14 December 2027.

Commitments for sublease rental income receivables are as follows:

Within 1 year	1,991	1,924
Between 1 to 5 years	8,688	8,394
More than 5 years	8,538	10,823
Total sublease rental income commitments	19,217	21,141

The above commitment amounts are GST inclusive.

Note 1.2C: Other Revenue

Refunds from prior year payments	-	2
Special account contributions	1,151	1,392
Other	231	275
Total other revenue	1,382	1,669

Note 1.2D: Other Gains

Resources received free of charge	415	396
Reversal of provisions	-	1,781
Leasehold fitout	-	16,498
Total other gains	415	18,675



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Resources received free of charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

	2019 \$'000	2018 \$'000
<u>Note 1.2E: Revenue from Government</u>		
Appropriations		
Departmental appropriations	107,763	104,179
Total revenue from Government	107,763	104,179

Accounting Policy

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 Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on Behalf of Government**2.1 Administered – Expenses**

This section analyses the activities that the Department of Communications and the Arts 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.

	2019 \$'000	2018 \$'000
Note 2.1A: Suppliers		
Goods and services supplied or rendered		
Consultants and contractors	346,194	361,220
Royalty payments	21,818	22,312
Other goods and services	8,193	423
Total goods and services supplied or rendered	376,205	383,955
 Goods supplied	 15	 33
Services rendered	376,190	383,922
Total goods and services supplied or rendered	376,205	383,955
Note 2.1B: Grants		
Public sector		
Australian Government entities (related parties)	82,418	85,088
State and Territory Governments	1,710	2,967
Local Governments	2,156	2,029
Private sector		
Not-for-profit organisations	91,491	88,968
Commercial entities	71,805	107,650
Total grants	249,580	286,702

Accounting Policy

The entity administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grant and subsidy payments but services have not been performed or criteria satisfied, this is considered a commitment.

Note 2.1C: Impairment Loss Allowance on Financial Instruments

Impairment on trade and other receivables	241	-
Total impairment loss allowance on financial instruments	241	-

Note 2.1D: Write-Down and Impairment of Other Assets

Revaluation decrement - Land and Buildings	-	1,582
Total write-down and impairment of other assets	-	1,582



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 2.1E: Payments to corporate Commonwealth entities		
Australian Broadcasting Corporation	1,045,911	1,043,680
Special Broadcasting Service Corporation	281,726	280,058
Australia Council	208,186	209,393
Australian Film, Television and Radio School	22,584	22,683
Australian National Maritime Museum	21,415	20,727
National Film and Sound Archive of Australia	23,932	24,028
National Museum of Australia	45,164	41,444
National Library of Australia	55,557	51,836
National Portrait Gallery of Australia	11,685	10,809
Screen Australia	11,335	11,394
National Gallery of Australia	45,010	30,787
Old Parliament House	16,425	16,059
Total payments to corporate Commonwealth entities	1,788,930	1,762,898

Accounting Policy

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 at Note 5.

Note 2.1F: Other Expenses		
International membership fees	7,219	7,027
Prizes and awards	600	595
Entitlements	4,951	4,577
Contributions	855	1,071
Other expenses	-	334
Total other expenses	13,625	13,604



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered – Income

	2019	2018
	\$'000	\$'000
Revenue		
Non-Taxation Revenue		
<u>Note 2.2A: Sale of Goods and Rendering of Services</u>		
Rendering of services	3,628	3,702
Total sale of goods and rendering of services	3,628	3,702

Accounting Policy

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

Note 2.2B: Interest

Australian Broadcasting Corporation	1,539	2,132
NBN Co Limited	351,835	69,730
Total interest	353,374	71,862

Note 2.2C: Dividends

Australian Postal Corporation	42,205	78,472
Total dividends	42,205	78,472

Note 2.2D: Rental Income

Indefeasible Rights of Use	1,529	1,529
Total rental income	1,529	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 the Administered property, plant and equipment.

Note 2.2E: Other Revenue

Grant refunds	43	378
Contributions	856	786
Other revenue	43	73
Total other revenue	942	1,237

Note 2.2F: Other Gains

Reversal of prior year payables	5,527	6,406
Total other gains	5,527	6,406



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position

3.1 Financial Assets

This section analyses the Department of Communications and the Arts 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.

	2019 \$'000	2018 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash in special accounts	300	240
Cash on hand or on deposit	844	972
Cash held in the OPA (special accounts)	4,448	3,454
Total cash and cash equivalents	5,592	4,666

Accounting Policy

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

- a) Cash on hand;
- b) Demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) Cash in special accounts.

Note 3.1B: Trade and Other Receivables

Goods and services receivables

Goods and services	834	2,147
Total goods and services receivables	834	2,147

Appropriations receivable

For existing programs	17,458	17,766
Total appropriations receivable	17,458	17,766

Other receivables

GST receivable from the Australian Taxation Office	596	444
Other	515	847
Total other receivables	1,111	1,291
Total trade and other receivables (gross)	19,403	21,204

Less impairment loss allowance

Other receivables	(16)	(9)
Total impairment loss allowance	(16)	(9)
Total trade and other receivables (net)	19,387	21,195

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

Credit terms for goods and services were within 30 days (2018: 30 days).

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the 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.



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

Note 3.2A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles for 2019

	Buildings \$'000	Heritage and cultural \$'000	Property, Plant and Equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2018						
Gross book value	15,199	36,103	8,397	14,134	967	74,800
Accumulated depreciation, amortisation and impairment	(1,356)	(369)	(379)	(7,777)	(761)	(10,642)
Total as at 1 July 2018	13,843	35,734	8,018	6,357	206	64,158
Additions						
Purchase	733	468	77	-	-	1,278
Internally developed	-	-	-	4,023	-	4,023
Impairments recognised in net cost of services	-	-	-	-	-	-
Revaluations recognised in net cost of services	-	-	-	-	-	-
Reclassifications	(90)	(40)	(67)	-	(12)	(209)
Depreciation and amortisation	(1,837)	(140)	(1,347)	(1,841)	(62)	(5,227)
Disposals	-	-	-	-	-	-
From disposal of obsolete items	-	-	(85)	(39)	(5)	(129)
Total as at 30 June 2019	12,649	36,022	6,596	8,500	127	63,894

Total as at 30 June 2019 represented by

Gross book value	15,842	36,531	8,272	16,340	942	77,927
Accumulated depreciation, amortisation and impairment	(3,193)	(509)	(1,676)	(7,840)	(815)	(14,033)
Total as at 30 June 2019	12,649	36,022	6,596	8,500	127	63,894

Assets under construction are included in the value of property, plant and equipment of nil (2018: \$548,002) and computer software internally developed of \$4,141,712 (2018: \$1,506,274).

All revaluations are conducted in accordance with the revaluation policy stated at Note 7.4. An independent valuer conducted the revaluations as at 30 June 2019.

There were no revaluation decrements recognised in 2019. Revaluation decrements in 2018 of \$358,656 for leasehold improvements and \$24,653 for property, plant and equipment were debited from the asset revaluation reserve and included in the equity section of the Statement of Financial Position.

As at 30 June 2019 no intangible assets were found to be impaired.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

Capital Commitments	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Computer software internally developed	3,393	-	-
Total capital commitments	3,393	-	-

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2018

Capital Commitments	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	156	-	-
Property, plant and equipment	68	-	-
Computer software internally developed	300	-	-
Total capital commitments	524	-	-

The above commitment amounts are GST inclusive.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Property, Plant and Equipment

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 \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Revaluations

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

Asset Class	Fair Value measured at:
Land and buildings	Depreciated replacement cost
Property, plant and equipment	Market selling price or depreciated replacement cost
Heritage and cultural asset	Active market

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 that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

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

Assets purchased during the financial year are excluded from asset revaluation as they represent fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	2019	2018
<i>Buildings</i>		
• Leasehold improvements	Lower of 10 years or lease term	Lower of 10 years or lease term
<i>Property, Plant and Equipment</i>		
• Artworks	Up to 480 years	Up to 480 years
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture and fittings	5 to 10 years	5 to 10 years

Heritage and Cultural

Heritage and cultural items include artworks held by Artbank 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>).

Impairment

All assets were assessed for impairment at 30 June 2019. 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 entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise software externally purchased and internally developed for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:

	2019	2018
Externally purchased software	3 to 5 years	3 to 5 years
Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2019.

Note 3.2B: Other Non-Financial Assets

	2019 \$'000	2018 \$'000
Operating lease rentals - sublease	452	188
Lease incentive - sublease	593	663
Prepayments	3,119	1,519
Total other non-financial assets	4,164	2,370



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2019	2018
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	3,724	3,794
Operating lease rentals	1,799	740
Total suppliers	5,523	4,534

The majority of suppliers engaged had 30 day payment terms.

Suppliers are expected to be settled in no more than 12 months.

Note 3.3B: Other Payables

Salaries and wages	457	569
Superannuation	77	81
Employee transfers	1,658	1,657
Lease incentive	2,633	2,999
Prepayments received/unearned income	2,111	2,030
Contributions	106	176
Other	450	90
Total other payables	7,492	7,602

3.4 Other Provisions

	Provision for make-good ¹	Total
	\$'000	\$'000
As at 1 July 2018	221	221
Additional provisions made	250	250
Amounts used	(100)	(100)
Unwinding of discount or change in discount rate	3	3
Total as at 30 June 2019	374	374

¹The Department currently has two (2018: two) agreements for the leasing of premises that have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on Behalf of Government**4.1 Administered – Financial Assets**

This section analyses assets used to conduct operations and the operating liabilities incurred that therefore the Department of Communications and the Arts 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.

	2019 \$'000	2018 \$'000
Note 4.1A: Cash and Cash Equivalents		
Cash held in the OPA (special accounts)	98	47
Total cash and cash equivalents	98	47
Note 4.1B: Trade and Other Receivables		
Advances and loans		
Loans to corporate Commonwealth entities		
Australian Broadcasting Corporation ¹	29,619	49,021
NBN Co Limited ²	13,053,335	5,531,000
Total advances and loans	13,082,954	5,580,021
Other receivables		
GST receivable from the Australian Taxation Office	33,158	36,083
Grants receivable	264	264
Other	-	1
Total other receivables	33,422	36,348
Total trade and other receivables (gross)	13,116,376	5,616,369
Less impairment loss allowance		
Loans to corporate Commonwealth entities ³	(1,600)	-
Grants receivable	(264)	(1)
Total impairment loss allowance	(1,864)	(1)
Total trade and other receivables (net)	13,114,512	5,616,368

¹Loans to Australian Broadcasting Corporation were made under financial assistance legislation. No security is required. Interest rates are fixed. Principal and interest are repaid annually in arrears. Effective interest rates average 1.95% per annum (2018: 1.88% per annum).

²The Government has provided a loan to NBN Co Limited (NBN Co) on commercial terms of up to \$19.5 billion with drawings available on a monthly basis. The loan was established in December 2016 and must be repaid in full by 30 June 2024. The loan has a fixed interest rate of 3.96% per annum with interest payable monthly over the life of the facility.

³The Department has assessed the loan to NBN Co on transition to AASB 9 *Financial Instruments*. In accordance with the requirements of AASB 9, the Department has determined that there has not been a significant increase in credit risk of the loan since inception and the probability of default has been assessed as extremely low. The impairment allowance has been calculated with reference to the probability of default. The allowance recognised by the Department is not indicative of an identified loss event for the NBN Co loan.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
Note 4.1C: Other Investments		
Corporate Commonwealth entities:		
Australian Broadcasting Corporation	1,071,656	1,033,352
Australian Postal Corporation	2,224,649	2,582,229
Special Broadcasting Service Corporation	222,626	215,544
Australia Council	14,725	14,340
Australian Film, Television and Radio School	11,105	11,122
Australian National Maritime Museum	263,063	256,668
National Film and Sound Archive of Australia	353,384	292,051
National Gallery of Australia	6,333,026	6,314,864
National Library of Australia	1,695,104	1,691,970
National Museum of Australia	459,315	471,444
National Portrait Gallery of Australia	146,170	143,798
Screen Australia	17,749	17,743
Old Parliament House	112,629	93,924
	12,925,201	13,139,049
Commonwealth companies:		
NBN Co Limited ¹	8,682,301	13,247,377
Bundanon Trust	59,196	58,729
Creative Partnerships Australia	5,473	2,922
	8,746,970	13,309,028
Total other investments	21,672,171	26,448,077

For full details of the corporate Commonwealth entities and the Commonwealth companies please refer to each entity's individual financial statements.

¹The Government's loan to NBN Co is disclosed in Note 4.1B.

Accounting Policy

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

In accordance with AASB 13 *Fair Value Measurement*, the following techniques are used to value Administered Investments:

- (a) Discounted Cash Flows – this method needs to be considered when an entity invests in another entity that generates significant non-government cash inflows; and
- (b) Net Assets – this method needs to be considered when an entity invests in another entity that does not generate significant non-government cash inflows.

A review of all administered investments is performed on an annual basis to ensure the appropriate valuation method is used.

Administered investments, other than those held for sale, are classified as 'financial assets of fair value through other comprehensive income' and are measured at their fair value as at 30 June 2019. Apart from Australian Postal Corporation, 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.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Australian Postal Corporation's fair value estimates are based on a Discounted Cash Flow valuation calculated using cash flow forecasts extracted from the Australia Post Corporate Plan 2019-20 to 2022-23. The forecasts use management estimates to determine volume and price growth rates, and the weighted average cost of capital. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods.

In accordance with AASB 9 *Financial Instruments* and AASB 13 *Fair Value Measurement*, the Department has determined that the appropriate valuation method for the investment in NBN Co as at 30 June 2019 is the net assets approach. NBN Co is still in the build phase of construction and its cash flows are predominately from government.

	2019 \$'000	2018 \$'000
Note 4.1D: Other Financial Assets		
Assets forfeited under the Protection of Movable Cultural Heritage Act 1996 ¹	-	19
Total other financial assets	-	19

¹Items forfeited to the Commonwealth under subsection 14(1) of the *Protection of Movable Cultural Heritage Act 1996*.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.2 Administered – Non-Financial Assets**Note 4.2A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment for 2019**

	Buildings \$'000	Property plant and equipment \$'000	Total \$'000
As at 1 July 2018			
Gross book value	56,377	148,012	204,389
Accumulated depreciation, amortisation and impairment	-	-	-
Total as at 1 July 2018	56,377	148,012	204,389
Additions			
Purchase	1,608	-	1,608
Revaluations recognised in other comprehensive income	-	(1,841)	(1,841)
Revaluations recognised in comprehensive income	-	-	-
Depreciation and amortisation	(2,416)	(8,031)	(10,447)
Total as at 30 June 2019	55,569	138,140	193,709
Total as at 30 June 2019 represented by			
Gross book value	57,985	138,140	196,125
Accumulated depreciation, amortisation and impairment	(2,416)	-	(2,416)
Total as at 30 June 2019	55,569	138,140	193,709

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

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

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.5. An independent valuer conducted the revaluations as at 30 June 2019 for property, plant and equipment and buildings.

Revaluation decrements of \$1,840,540 for property, plant and equipment (2018: \$87,961) were debited to the asset revaluation reserve and included in the Statement of Other Comprehensive Income. There were no building decrements in 2019 (2018: \$1,582,048).

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

	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	1,763	3,555	-
Total capital commitments	1,763	3,555	-

Contractual commitments for the acquisition of property, plant, equipment assets for 2018

	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	1,769	5,319	-
Total capital commitments	1,769	5,319	-

The above commitment amounts are GST inclusive.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
Note 4.2B: Other Non-Financial Assets		
Other prepayments	2,965	2,917
Total other non-financial assets	2,965	2,917

4.3 Administered - Payables

	2019 \$'000	2018 \$'000
Note 4.3A: Suppliers		
Trade creditors and accruals	330,215	340,653
Total suppliers	330,215	340,653

Settlement is usually made within 30 days.

Note 4.3B: Grants		
Australian Government entities	431	323
Local Governments	166	53
Non-profit organisations	1,397	197
Commercial entities	11,261	29,059
Total grants	13,255	29,632

All grant payables are expected to be settled in no more than 12 months. Settlement is usually made according to the terms and conditions of each grant within 30 days of performance or eligibility.

Note 4.3C: Other Payables		
GST payable to the Official Public Account	5,410	5,643
Lease income received in advance ¹	11,347	12,876
Classification income received in advance	449	523
Forfeited assets ²	-	19
Total other payables	17,206	19,061

¹Lease income received in advance relates to the indefeasible rights of use (IRUs) issued by the Commonwealth in relation to network infrastructure assets. As part of the arrangement for the construction of assets and the issue of IRUs, the Commonwealth has provided a lease incentive to the contractor in the form of a reduction of lease payments that would otherwise be payable to the Commonwealth for the IRUs. The lease incentive was recognised as a lease prepayment and lease income received in advance.

²Items forfeited to the Commonwealth under subsection 14(1) of the *Protection of Movable Cultural Heritage Act 1996*.

4.4 Administered – Provisions

Note 4.4A: Other Provisions		
	Provision for grants \$'000	Total \$'000
As at 1st July 2018	1,173	1,173
New provisions made	-	-
Amounts used	(1,173)	(1,173)
Amounts reversed	-	-
Total as at 30 June 2019	-	-



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding
5.1 Appropriations

This section identifies the Department of Communications and the Arts funding structure.

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

Annual Appropriations for 2019

	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	107,763	8,706	116,469	115,904	565
Capital budget ³	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	417,246	-	417,246	404,472	12,774
Administered items	1,608	-	1,608	1,608	-
Capital budget ³	1,788,930	-	1,788,930	1,788,930	-
Payments to corporate Commonwealth entities	-	-	-	-	-
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 forecasts 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. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.





Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Annual appropriations for 2018					
	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	104,179	11,030	115,209	116,145	(936)
Capital budget ⁴	3,558	-	3,558	5,551	(1,993)
Other services	-	-	-	-	-
Equity injections	-	-	-	-	-
Total departmental	107,737	11,030	118,767	121,696	(2,929)
Administered					
Ordinary annual services					
Administered items	450,885	-	450,885	426,060	24,825
Capital budget ⁴	1,636	-	1,636	1,636	-
Payments to corporate Commonwealth entities	1,762,898	-	1,762,898	1,762,898	-
Other services	-	-	-	-	-
Administered assets and liabilities	9,158,817	-	9,158,817	7,495,825	1,662,992
Payments to corporate Commonwealth entities	40,601	-	40,601	40,601	-
Total administered	11,414,837	-	11,414,837	9,727,020	1,687,817

¹ Administered Appropriation Act (No. 1) 2017-18 of \$14,035,000 was withheld (Section 51 of the PGPA Act) on 26 June 2018 and quarantined for administrative purposes.

² Departmental adjustments are PGPA Act Section 74 receipts.

³ Departmental variances relate to 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 not required by NBN Co in 2017-18 due to revised expenditure forecasts that reflect changes in the deployment profile and other payments.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019 \$'000	2018 \$'000
Departmental		
Cash on hand or on deposit	844	972
Appropriation Act (No.1) 2018-2019 (Capital Budget)	454	-
Appropriation Act (No.1) 2018-2019	15,453	-
Appropriation Act (No.3) 2018-2019	1,551	-
Appropriation Act (No.1) 2017-2018	-	15,571
Supply Act (No.1) 2017-2018 (Capital Budget - DCB)	-	1,177
Appropriation Act (No.3) 2016-2017	-	868
Appropriation Act (No.2) 2016-2017	-	150
Total Departmental	18,302	18,738
Administered		
Appropriation Act (No.1) 2018-2019	44,031	-
Appropriation Act (No.3) 2018-2019	13,115	-
Appropriation Act (No.2) 2018-2019	1,582,916	-
Appropriation Act (No.1) 2017-2018 ¹	14,196	49,813
Appropriation Act (No.3) 2017-2018	2,041	2,041
Appropriation Act (No.2) 2017-2018	-	3,252,992
Appropriation Act (No.1) 2016-2017 ¹	4,172	12,927
Appropriation Act (No.3) 2016-2017	928	928
Appropriation Act (No.2) 2016-2017	-	444,555
Appropriation Act (No.1) 2015-2016 ²	-	545
Appropriation Act (No.3) 2015-2016 ²	-	697
Total Administered	1,661,399	3,764,498

¹Administered appropriations have been permanently withheld under section 51 of the PGPA Act amounting to \$36,411,000 (2016-17) and \$14,035,000 (2017-18) for unspent appropriation no longer required.

²Administered appropriations for 2015-16 were repealed on 1 July 2018.

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

	Appropriation applied	
Authority	2019 \$'000	2018 \$'000
<i>Telstra Corporation Act 1991</i> , section 8BA(3). Nature: Administered (Unlimited Amount)	-	-
<i>Public Governance, Performance and Accountability Act 2013</i> , section 77. Nature: Administered (Refund Provisions)	47	70
<i>Classification (Publications, Films and Computer Games) Act 1995</i> . Nature: Administered	-	-
Total special appropriations applied	47	70



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts

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

	Art Rental Special Account 2016 ¹		Public Interest Telecommunications Services Special Account ²		Cultural Special Account ³		Indigenous Repatriation Special Account 2016 ⁴		National Cultural Heritage Special Account ⁵	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance brought forward from previous period	725	986	44	26,711	380	203	2,589	1,542	3	-
Departmental Increases										
Appropriation credited to special account	-	1,350	4,046	4,007	167	135	660	800	-	-
Receipts	5,552	4,192	-	-	543	610	782	992	-	-
Total departmental	5,552	5,542	4,046	4,007	710	745	1,442	1,792	-	-
Administered										
Contribution received	-	-	856	786	-	-	-	-	497	500
Telecommunication Industry Levy receipts	-	-	253,887	227,220	-	-	-	-	-	-
Appropriation credited to special account	-	-	95,954	95,993	-	-	-	-	-	-
Total administered	-	-	350,697	323,999	-	-	-	-	497	500
Total increases	5,552	5,542	354,743	328,006	710	745	1,442	1,792	497	500
Available for payments	6,277	6,528	354,787	354,717	1,090	948	4,031	3,334	500	500
Decreases										
Departmental										
Payments made	(5,092)	(5,803)	(3,190)	(3,221)	(356)	(568)	(1,202)	(745)	-	-
Contribution made	-	-	(856)	(786)	-	-	-	-	-	-
Total departmental	(5,092)	(5,803)	(4,046)	(4,007)	(356)	(568)	(1,202)	(745)	-	-
Administered										
Payments made	-	-	(350,673)	(350,666)	-	-	-	-	(470)	(497)
Total administered	-	-	(350,673)	(350,666)	-	-	-	-	(470)	(497)
Total decreases	(5,092)	(5,803)	(354,719)	(354,673)	(356)	(568)	(1,202)	(745)	(470)	(497)
Total balance carried to the next period	1,185	725	68	44	734	380	2,829	2,589	30	3
Balance represented by:										
Cash held in entity bank accounts	300	240	-	-	-	-	-	-	-	-
Cash held in the Official Public Account	885	485	68	44	734	380	2,829	2,589	30	3
Total balance carried to the next period	1,185	725	68	44	734	380	2,829	2,589	30	3

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

¹Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *PGPA Act Determination (Art Rental Special Account 2016)*.

Purpose: Amounts may be debited from the special account to:

- a. acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth;
- b. activities that are incidental to the purposes mentioned in paragraph (a);
- c. to reduce the balance of the special account without making a real or notional payment; and
- d. to repay, as required by law, amounts that have been credited to the special account.

²Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Telecommunications (Consumer Protection and Service Standards) Act 1999*, Division 5, section 37.

Purpose: Support the delivery of Universal Service Obligation, National Relay Service and other public interest telecommunications services for all Australians.

The Australian Communications and Media Authority collects a levy imposed on carriers under the *Telecommunications (Industry Levy) Act 2012* and the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. These levy receipts are credited to the special account, and along with Government funding, are used to pay contractors and grant recipients and to contribute to administrative costs.

³Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *Financial Management and Accountability (Establishment of Cultural Special Account) Determination 2011/18*.

Purpose: Supporting the performance or administration of cultural activities.

⁴Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: *PGPA Act Determination (Indigenous Repatriation Special Account 2016)*.

Purpose: Developing and conducting projects, programs and strategies associated with the repatriation of Indigenous ancestral remains and secret sacred objects.

⁵Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Protection of Moveable Cultural Heritage Act 1986*, section 25.

Purpose: Amounts standing to the credit of the National Cultural Heritage Account may be expended for the purpose of facilitating the acquisition of the Australian protected objects for display or self-keeping.

This account is non-interest bearing and the balance is held in the Official Public Account.

The Department has a BAF Communications Portfolio Special Account as a part of the *Nations Building Funds Act 2008*. The account was established under section 80 of the *Public Governance, Performance and Accountability Act 2013*.

Purpose: To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters.

For the year ended 30 June 2019, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.3 Regulatory Charging Summary		
	2019	2018
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations	6,223	6,424
Own source revenue	32	26
Administered		
Annual appropriations	-	-
Total amounts applied	6,255	6,450
Expenses		
Departmental	6,255	6,450
Administered	-	-
Total expenses	6,255	6,450
External revenue		
Departmental	32	26
Administered	3,628	3,702
Total external revenue	3,660	3,728
Amounts written off		
Departmental	-	-
Administered	-	-
Total amounts written off	-	-

Regulatory charging activities:

Classification Fees: Before every film, computer game and certain publications can be legally made available to the Australian public by means of sale, exhibition or commercial distribution they must be classified (with limited exceptions). A valid classification application is to be accompanied with the prescribed fee before any classification decision can be made. *The Classification (Publications, Films and Computer Games) Act 1995* and the Classification (Publications, Films and Computer Games) Regulations 2005 are the enabling legislation.

Cost Recovery Implementation Statement for the above activity is available at
<http://www.classification.gov.au/About/Pages/Legislation.aspx>.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. People and Relationships**6.1 Employee Provisions**

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

	2019 \$'000	2018 \$'000
6.1: Employee Provisions		
Leave	25,975	25,011
Separations and redundancies	316	-
Total employee provisions	26,291	25,011

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the Department of Finance's Short Hand Method as at 30 June 2019, as outlined in the Financial Reporting Rule. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The entity'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 entity makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity 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.



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Department, directly or indirectly. During 2017-18 the Secretary formed the Secretary's Business Meeting (SBM) with the first meeting held on 24 November 2017. For the 2018-19 financial year, the Department has determined the key management personnel to be permanent members of the SBM, being the Secretary, Deputy Secretaries and Chief Operating Officer and anyone who has acted in one of those positions and attended a SBM during the acting periods.

In the previous year the Department had determined the key management personnel to be the members of the Executive Leadership Team (ELT), comprising the Secretary, Deputy Secretaries, First Assistant Secretaries and the Chief Risk Officer. The total key management personnel remuneration expense for the Executive Leadership Team in 2018 was \$4,269,000. However, for comparative purposes the 2018 figures have been re-stated based on the SBM.

Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,688	1,827
Post-employment benefits	260	296
Other long-term employee benefits	38	176
Termination benefits	-	221
Total key management personnel remuneration expenses¹	1,986	2,520

The total number of key management personnel included in the above table is six individuals, being four individuals who held the position for the full year and two who acted in the position for part of the year (2018: nine individuals, being two who held the position for the full year and seven who held the position for part of the year, including acting arrangements).

There were no termination benefits paid in 2019.

¹The above key management personnel remuneration excludes the remuneration and other benefits of the Cabinet Ministers, Portfolio Ministers, Assistant Ministers and Presiding Officers. The ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

6.3 Related Party Disclosures

Related party relationships:

The Department is an Australian Government controlled entity. Related parties to this Department are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the Department, it has been determined that there are no related party transactions to be separately disclosed.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Managing Uncertainties**7.1 Contingent Assets and Liabilities**

This section analyses how the Department of Communications and the Arts manages financial risks within its operating environment.

7.1A: Departmental Contingent Assets and Liabilities**Quantifiable Contingencies**

There are no significant quantifiable contingencies as at 30 June 2019 (2018: nil).

Unquantifiable Contingencies

There are no significant unquantifiable contingencies as at 30 June 2019 (2018: nil).

Significant Remote Contingencies*Operating Leases and Car Parking Licences*

The Commonwealth indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Commonwealth also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2019, no claims have been made.

Westpac Banking Corporation

The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. In June 2013, the Department entered into a new banking contract with Westpac that provided for an indemnity capped at \$50 million per occurrence. The previous contract provided for an indemnity capped at \$25 million per occurrence. As at 30 June 2019, no claims have been made (2018: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position 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.

Indemnities

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 would be called upon, and no recognition of any liability was therefore required.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.1B: Administered – Contingent Assets and Liabilities**Quantifiable Administered Contingencies**

As at 30 June 2019, the Australian Government did not have any quantifiable contingencies (2018: nil).

Unquantifiable Administered Contingencies*NBN Co Limited (NBN Co) Board Members Insolvency Indemnity*

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.

Significant Remote Administered Contingencies*Telstra Financial Guarantee*

The Australian Government has provided to Telstra Corporation Limited (Telstra) a Guarantee in respect of NBN Co financial obligations under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the Definitive Agreements between Telstra and NBN Co arise progressively during the roll-out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and Hybrid Fibre Coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Definitive Agreements. As at 30 June 2019, NBN Co had generated liabilities covered by the Guarantee estimated at \$9.4 billion. The Guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount; or
- the Communications Minister declares, under the *National Broadband Network Companies Act 2011*, that, in his or her opinion, the National Broadband Network should be treated as built and fully operational.

Optus Financial Guarantee

The Australian Government has provided a Guarantee in respect of the NBN Co financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Ltd, Optus Vision Media Pty Ltd 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 2019, NBN Co had generated liabilities covered by the Optus Agreement, which are estimated at an amount lower than \$197.0 million. There is a low risk that a claim would be made under the Guarantee. The Guarantee will terminate in 2021.

Equity Funding Agreement

The Australian Government has entered into an Equity Funding Agreement with NBN Co to provide \$29.5 billion equity funding. Although this Agreement ended on 30 June 2019, the Australian Government retains obligations to meet NBN Co's costs arising from a termination of the roll-out. As at 30 June 2019, NBN Co's termination liabilities were estimated at \$21.3 billion.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Financial Instruments

	2019	2018
	\$'000	\$'000

Note 7.2A: Categories of Financial Instruments**Financial Assets under AASB 139****Loans and receivables**

Cash and cash equivalents		4,666
Goods and services receivable		2,147
Other receivables		847
Total loans and receivables		7,660

Financial Assets under AASB 9**Financial assets at amortised cost**

Cash and cash equivalents	5,592	
Goods and services receivable	834	
Other receivables	515	
Total financial assets at amortised cost	6,941	
Total financial assets	6,941	7,660

Financial Liabilities**Financial liabilities measured at amortised cost**

Suppliers	3,724	3,794
Other payables	2,214	1,923
Total financial liabilities measured at amortised cost	5,938	5,717
Total financial liabilities	5,938	5,717

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3.1A	Loans and receivable	Amortised Cost	4,666	4,666
Goods and services receivable	3.1B	Loans and receivable	Amortised Cost	2,147	2,147
Other receivables	3.1B	Loans and receivable	Amortised Cost	847	847
Total financial assets				7,660	7,660

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Cash and cash equivalents	4,666	-	-	4,666
Goods and services receivable	2,147	-	-	2,147
Other receivables	847	-	-	847
Total amortised cost	7,660	-	-	7,660



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
<u>Note 7.2B: Net Gains or Losses on Financial Assets</u>		
Financial assets at amortised cost		
Impairment	(7)	-
Net loss on financial assets at amortised cost	(7)	-
Net loss on financial assets	(7)	-

The Department had no gains or losses on financial liabilities in either the current or prior year.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy**Financial assets**

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019; the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity'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 entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon a trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest 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.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

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 the risk has not increased.

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 either financial liabilities at 'fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.



Department of Communications and the Arts**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Financial Liabilities at Amortised Cost**

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

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

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



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3 Administered – Financial Instruments		
	2019	2018
	\$'000	\$'000
Note 7.3A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash on hand or on deposit		47
Loans to corporate Commonwealth entities		
Australian Broadcasting Corporation		49,021
NBN Co Limited		5,531,000
Grants receivable		264
Other		1
Total loans and receivables		5,580,333
Available for sale financial assets		
Other investments		26,448,077
Total available for sale financial assets		26,448,077
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash on hand or on deposit	98	
Loans to corporate Commonwealth entities		
Australian Broadcasting Corporation	29,619	
NBN Co Limited	13,053,335	
Grants receivable	264	
Total financial assets at amortised cost	13,083,316	
Financial assets at fair value through other comprehensive income		
Other investments	21,672,171	
Total financial assets at fair value through other comprehensive income	21,672,171	
Total financial assets	34,755,487	32,028,410
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	330,215	340,653
Grants payable	13,255	29,632
Total financial liabilities measured at amortised cost	343,470	370,285
Total financial liabilities	343,470	370,285



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Classification of financial assets on the date of initial application of AASB 9					
Financial asset class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash on hand or on deposit	4.1A	Loans and receivable	Amortised Cost	47	47
Loans to corporate Commonwealth entities					
Australian Broadcasting Corporation	4.1B	Loans and receivable	Amortised Cost	49,021	49,021
NBN Co Limited	4.1B	Loans and receivable	Amortised Cost	5,531,000	5,529,400
Grants receivable	4.1B	Loans and receivable	Amortised Cost	264	264
Other	4.1B	Loans and receivable	Amortised Cost	1	1
Other investments	4.1C	Available-for-sales financial assets	FVOCI	26,448,077	26,448,077
Total financial assets				32,028,410	32,026,810
Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9					
	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000	
Financial assets at amortised cost					
Cash on hand or on deposit	47	-	-		47
Loans to corporate Commonwealth entities					
Australian Broadcasting Corporation	49,021	-	-		49,021
NBN Co Limited ¹	5,531,000	-	(1,600)		5,529,400
Grants receivable	264	-	-		264
Other	1	-	-		1
Total amortised cost	5,580,333	-	(1,600)		5,578,733
Financial assets at fair value through other comprehensive income					
Other investments	26,448,077	-	-		26,448,077
Total fair value through other comprehensive income	26,448,077	-	-		26,448,077

¹The Department has reviewed the requirements of the expected credit loss model under AASB 9 and has recognised an impairment allowance on the NBN Co loan on transition to the new standard at 1 July 2018 of \$1,600,000. The Department has assessed that there has been no significant increase in credit risk of the NBN Co loan since inception and the probability of default is extremely low. In accordance with the transitional provisions in AASB 9, the impairment allowance has been recognised in the current year opening retained earnings with no change to comparatives.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018		
	\$'000	\$'000		
<u>Note 7.3B: Net Gains and Losses on Financial Assets</u>				
Financial assets at amortised cost				
Interest revenue	353,374	71,862		
Australia Post dividend	42,205	78,472		
Impairment	(241)	-		
Net gains on financial assets at amortised cost	395,338	150,334		
Financial assets at fair value through other comprehensive income				
Losses recognised in equity	(4,831,145)	(4,915,290)		
Net losses on financial assets at fair value through other comprehensive income	(4,831,145)	(4,915,290)		
Net losses on financial assets	(4,435,807)	(4,764,956)		
<u>Note 7.3C: Fair Value of Financial Instruments</u>				
	Carrying amount	Fair value	Carrying amount	Fair value
	2019	2019	2018	2018
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	98	98	47	47
Loans to corporate Commonwealth entities				
Australian Broadcasting Corporation	29,619	30,295	49,021	49,669
NBN Co Limited	13,051,735	13,051,735	5,531,000	5,531,000
Other investments	21,672,171	21,672,171	26,448,077	26,448,077
Total financial assets	34,753,623	34,754,299	32,028,145	32,028,793
Financial Liabilities				
Suppliers	330,215	330,215	340,653	340,653
Grants	13,255	13,255	29,632	29,632
Total financial liabilities	343,470	343,470	370,285	370,285



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 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 are trade receivables, loans to Government controlled and funded entities and investment in Portfolio Agencies. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of financial assets, net of impairment losses, reported in the Administered Schedule of Assets and Liabilities represents the maximum exposure to credit risk as \$13,081 million (2018: \$5,580 million).

Grants receivable - Credit risk is managed by undertaking background and credit checks prior to allowing a debtor relationship. In addition, there are policies and procedures that guide debt recovery techniques that are to be applied. The Department has assessed the risk of the default on payment of grants receivable and has allocated \$264,000 to an impairment allowance in 2019 (2018: nil). The Department has reviewed the historic impairment provision for grants receivable in accordance with AASB 9 *Financial Instruments* and has determined that there is no material adjustment on adoption of the new standard.

Loans to Government controlled and funded entities – the loan to NBN Co is monitored between origination and maturity through a series of oversight arrangements that assess the short and long-term financial performance of NBN Co. This considers changes in the borrower's earnings, expenditure and market position. Our assessment of the security for the loan recognises that NBN Co is a wholly-owned Government Business Enterprise.

Note 7.3E: Liquidity Risk

The Administered financial liabilities are trade creditors and grants payable. The exposure to liquidity risk is based on the notion that the Commonwealth will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms, internal policies and procedures that are currently in place.

All financial liabilities are payable within one year.

Note 7.3F: Market Risk**Currency risk**

Other than Administered Investments the Commonwealth holds basic financial instruments that do not expose the Commonwealth to certain market risk. The Department's Administered activities are not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item in the closing Administered Schedule of Assets and Liabilities is 'loans receivable'. These items have fixed interest and will, therefore, not fluctuate due to changes in the market interest rate. As the loans to corporate Commonwealth entities are fixed interest only loans there is no inherent interest rate risk.

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. The Administered investments are not traded on the Australian Stock Exchange. The Department does not hold any other financial instruments that would be exposed to price risk.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.4 Fair Value Measurement

The following table provides 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 to the fair value hierarchy.

The different levels of 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.

Note 7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets¹		
Heritage and cultural ⁴	36,022	35,734
Plant and equipment ²	6,596	8,018
Buildings ²	12,649	13,843
Total non-financial assets	55,267	57,595

Accounting Policy

A desktop materiality review of the artwork was conducted as at 30 June 2019 and the outcomes were relied upon to assess the fair value measurement for this asset class.

The Department engaged the service of Jones Lang LaSalle (JLL) to conduct an asset materiality review of all non-financial assets with the exception of Artbank's artwork collection (Heritage and Cultural asset class) as at 30 June 2019. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years with the previous comprehensive valuation conducted as at 30 June 2018. JLL has provided written assurance to the Department that the models developed are in compliance with AASB 13 *Fair Value Measurement*.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account the physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit/asset obsolescence deduction is determined based on the term of the associated lease.

The Department's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

¹The Department's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

²No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2019 (2018: nil).

³The remaining assets and liabilities reported by the Department are not measured at fair value in the Statement of Financial Position.

⁴Heritage and cultural assets relate to the Artbank collection.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5 Administered – Fair Value Measurements

The following table provides 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 to the fair value hierarchy.

The different levels of 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.

Accounting Policy

Fair values for Regional Backbone Blackspots Program (RBBP) network infrastructure assets under property, plant and equipment are determined based on the depreciated replacement cost method. The method is calculated for each individual part of the asset using a price per unit adjusted for inflation, a quantity of each component and a location factor before being aggregated to form the values for each identified component of the assets. Components include fibre optic cable, Control Environment Vault Shelters and Backbone Point of Interconnect cabinets. There has been no change in the valuation technique for the RBBP network infrastructure assets.

The Department engaged the service of Jones Lang LaSalle (JLL) to conduct an asset materiality review of all non-financial assets (excluding the RBBP) at 30 June 2019, which includes the Administered National Institute of Dramatic Arts Building. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. JLL has provided written assurance to the Department that the models developed are in compliance with AASB 13 *Fair Value Measurement*. If a particular asset class experiences significant or volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account the physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

The Department's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.





Department of Communications and the Arts
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Buildings	55,569	56,377	3	Depreciated Replacement Cost (DRC): Current Cost per square metre of floor area relevant to the location asset. Physical depreciation and obsolescence has been determined based on the term of the associated nominal lease. Depreciated Replacement Cost (DRC)
Property, plant and equipment	138,140	148,012	3	Depreciated Replacement Cost (DRC)
Replacement cost per unit for the following asset components:				
				Asset Component
				Range (\$'000) (Weighted Average)
				- Fibre optic cable (per km)
				\$5.33 - \$12.71 (\$6.57)
				- Controlled environment vault shelters (per section)
				\$271.90 - \$528.13 (\$324.46)
				- Transmission Equipment (per section)
				\$538.61 - \$869.21 (\$615.65)
				- Bpol cabinets (per cabinet)
				\$15.23 - \$119.24 (\$92.44)
Other inputs				
				Input
				Range (weighted average)
				- Remaining useful life (in years)
				7 - 23 (19)
				- Inflation factor
				0.98 - 1.26 (1.15)
				- Installation cost (per section of network)
				\$492.73 - \$1,117.20 (\$562.87)
				- Installation cost (per cabinet)
				\$35.98 - \$154.05 (\$110.30)
				Sensitivity of the fair value measurement to change in unobservable inputs
				The estimated fair value would increase (decrease) if:
				• the replacement cost per unit for the asset components was higher (lower);
				• the rate of inflation was higher (lower);
				• the useful life of the asset components was longer (shorter); and/or
				• the installation cost per component was higher (lower).
Total non-financial assets	193,709	204,389		
Total assets	34,947,910	32,233,135		

¹The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June.

²Significant Level 3 inputs utilised by the Department are derived and evaluated as follows: assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

³The Discounted Cash Flow (DCF) method, is appropriate when it results in a measurement that is more representative of fair value. Per AASB13.B10 when using an income approach, fair value reflects current market expectations about the future amounts.

⁴Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category. The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

⁵The current use of all non-financial assets is considered their highest and best use.

⁶Administered investments valuations are based on the audited net asset balance with the exception of the Australian Postal Corporation and NBN Co Limited (NBN Co), refer Note 4.1C.

- Australia Post is based on the discounted cash flow methodology.
- NBN Co is based on the audited net asset balance adjusted for fair value of property, plant and equipment and discounting leave and superannuation liabilities adjusted by applying the Government bond rate. The impact of these adjustments was an increase of \$1.345 billion at 30 June 2019 (2018: \$1.035 billion) to the \$7.337 billion reported in NBN Co's financial statements. NBN Co engaged an independent reviewer to assess the fair value of property, plant and equipment in June 2019 and in June 2018.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5B: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets			
	Administered Investments		Building		Property, plant and equipment	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
As at 1 July¹	26,448,077	29,293,211	56,377	58,110	148,012	156,135
Revaluation (decrements)/increments recognised in other comprehensive income	(4,831,145)	(4,915,290)	-	-	(1,841)	(88)
Equity injections	55,240	2,075,156	1,608	1,636	-	-
Returns to the Consolidated Revenue Fund (CRF)	-	(5,000)	-	-	-	-
Depreciation	-	-	(2,416)	(1,787)	(8,031)	(8,035)
Other ²	(1)	-	-	(1,582)	-	-
Total as at 30 June³	21,672,171	26,448,077	55,569	56,377	138,140	148,012
					21,865,880	26,652,466

¹ Opening balance as determined in accordance with AASB 13.

² Included in the other movement is rounding for administered investments and for buildings is a revaluation decrement in 2018 (2019: nil).

³ Additional details in Note 4.2A.



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information

8.1 Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
Note 8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	27,656	27,634
More than 12 months	65,381	64,755
Total assets	93,037	92,389
Liabilities expected to be settled in:		
No more than 12 months	16,968	16,262
More than 12 months	22,712	21,106
Total liabilities	39,680	37,368

Note 8.1B: Administered - Aggregate Assets and Liabilities

Assets expected to be recovered in:		
No more than 12 months	56,445	59,318
More than 12 months	34,927,010	32,212,499
Total assets	34,983,455	32,271,817
Liabilities expected to be settled in:		
No more than 12 months	351,913	380,227
More than 12 months	8,763	10,292
Total liabilities	360,676	390,519

8.2 Restructuring

There were no Departmental or Administered restructures for 2019 (2018: nil).



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.3 Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2018-19 Portfolio Budget Statements to the 2018-19 final financial outcome as presented in accordance with Australian Accounting Standards for the Department. The Budget is not audited and does not reflect additional estimates provided in the 2018-19 Portfolio Additional Estimates Statements. Explanations are provided for significant variances between actual results and the original budget, being the Portfolio Budget Statements. Significant variances are those relevant to the performance of the Department and are typically those greater than \$5 million (Departmental), \$20 million (Administered) and greater than five percent.

8.3A: Departmental Budgetary Reports**Statement of Comprehensive Income***for the period ended 30 June 2019*

	Budget estimate		
	Actual	Original	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	73,068	72,733	335
Suppliers ¹	38,753	36,571	2,182
Depreciation and amortisation	5,227	4,691	536
Finance costs	3	66	(63)
Impairment loss allowance on financial instruments	7	-	7
Losses from sale of assets	129	-	129
Other expenses	3,200	2,912	288
Total expenses	120,387	116,973	3,414
Own-Source Income			
Own-source revenue			
Sales of goods and rendering of services	3,625	3,495	130
Rental income ²	1,991	-	1,991
Other revenue	1,382	2,087	(705)
Total own-source revenue	6,998	5,582	1,416
Gains			
Other gains	415	488	(73)
Total gains	415	488	(73)
Total own-source income	7,413	6,070	1,343
Net cost of services	(112,974)	(110,903)	(2,071)
Revenue from Government	107,763	106,212	1,551
Surplus (Deficit) before income tax on continuing operations	(5,211)	(4,691)	(520)
Surplus (Deficit) after income tax on continuing operations	(5,211)	(4,691)	(520)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income (loss)	(5,211)	(4,691)	(520)

The above statement should be read in conjunction with note 8.3B



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Financial Position*as at 30 June 2019*

	Actual	Budget Estimate	
	2019	Original	Variance
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5,592	3,398	2,194
Trade and other receivables	19,387	19,163	224
Total financial assets	24,979	22,561	2,418
Non-Financial Assets			
Buildings ³	12,649	2,645	10,004
Property, plant and equipment ³	6,596	15,251	(8,655)
Intangibles ⁴	8,627	5,969	2,658
Heritage and cultural assets	36,022	36,126	(104)
Other non-financial assets	4,164	1,586	2,578
Total non-financial assets	68,058	61,577	6,481
Total assets	93,037	84,138	8,899
LIABILITIES			
Payables			
Suppliers	5,523	2,882	2,641
Other payables ⁵	7,492	2,440	5,052
Total payables	13,015	5,322	7,693
Provisions			
Employee provisions	26,291	25,869	422
Other provisions	374	342	32
Total provisions	26,665	26,211	454
Total liabilities	39,680	31,533	8,147
Net assets	53,357	52,605	752
EQUITY			
Contributed equity	72,849	73,528	(679)
Reserves	7,049	7,439	(390)
Accumulated deficit	(26,541)	(28,362)	1,821
Total equity	53,357	52,605	752

The above statement should be read in conjunction with note 8.3B



Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Changes in Equity
for the period ended 30 June 2019

	Retained Earnings			Asset revaluation reserve			Contributed equity/capital			Total Equity		
	Budget Estimate			Budget Estimate			Budget Estimate			Budget Estimate		
	Actual	Original	Variance	Actual	Original	Variance	Actual	Original	Variance	Actual	Original	Variance
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	(21,330)	(23,671)	2,341	7,049	7,439	(390)	69,302	69,981	(679)	55,021	53,749	1,272
Adjusted opening balance	(21,330)	(23,671)	2,341	7,049	7,439	(390)	69,302	69,981	(679)	55,021	53,749	1,272
Comprehensive income												
Surplus/(Deficit) for the period	(5,211)	(4,691)	(520)	-	-	-	-	-	-	(5,211)	(4,691)	(520)
Total comprehensive income	(5,211)	(4,691)	(520)	-	-	-	-	-	-	(5,211)	(4,691)	(520)
Transactions with owners												
Contributions by owners												
Departmental capital budget	-	-	-	-	-	-	3,547	3,547	-	3,547	3,547	-
Total transactions with owners	-	-	-	-	-	-	3,547	3,547	-	3,547	3,547	-
Transfers between equity components	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	(26,541)	(28,362)	1,821	7,049	7,439	(390)	72,849	73,528	(679)	53,357	52,605	752

The above statement should be read in conjunction with note 8.3B



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Cash Flow Statement*for the period ended 30 June 2019*

	Actual	Budget Estimate	
	Original	Variance	
	2019	2019	2019
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government ⁶	115,904	106,475	9,429
Sales of goods and rendering of services ²	5,334	514	4,820
GST received	3,315	-	3,315
Other	3,179	5,005	(1,826)
Total cash received	127,732	111,994	15,738
Cash used			
Employees	71,571	72,360	(789)
Suppliers ¹	42,697	36,722	5,975
Section 74 receipts transferred to Official Public Account ⁶	8,706	-	8,706
Other expenses	3,200	2,912	288
Total cash used	126,174	111,994	14,180
Net cash from operating activities	1,558	-	1,558
INVESTING ACTIVITIES			
Cash used			
Purchase of land and buildings	483	-	483
Purchase of property, plant and equipment ⁷	545	3,547	(3,002)
Purchase of intangibles ⁴	4,023	-	4,023
Total cash used	5,051	3,547	1,504
Net cash used by investing activities	(5,051)	(3,547)	(1,504)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	150	-	150
Departmental capital budget	4,269	3,547	722
Total cash received	4,419	3,547	872
Net cash from financing activities	4,419	3,547	872
Net increase in cash held	926	-	926
Cash and cash equivalents at the beginning of the reporting period	4,666	3,398	1,268
Cash and cash equivalents at the end of the reporting period	5,592	3,398	2,194

The above statement should be read in conjunction with note 8.3B



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.3B: Departmental Major Budget Variances

Explanations of major variances

¹Supplier expenditure was higher than budgeted due to increases in departmental projects.

²The budget relating to rental income in the Statement of Comprehensive Income and the Cash Flow Statement is included in 'other revenue'.

³During 2017-18 the Department relocated from Sydney Avenue in Barton to the Nishi Building on Philip Law Street in Acton. The fitout assets in the Nishi Building were originally recognised as 'property, plant and equipment' in the budget estimates, the balances will be moved to 'buildings' in the next budget update.

⁴The Department's Information Technology standard operating environment was upgraded during 2018-19 which is reflected in an increase in the 'intangibles' balance.

⁵The balance reported as 'other payables' mainly reflects the recognition of lease incentives and rental income.

⁶Receipts from government is higher than budgeted due to the inclusion of the PGPA Section 74 receipts transferred to the Official Public Account.

⁷The fitout of the Nishi building required less modification to meet the needs of the Department than expected, resulting in lower than budgeted expenditure on property, plant and equipment.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.3C: Administered Budgetary Reports**Administered Schedule of Comprehensive income***for the period ended 30 June 2019*

	Budget estimate		
	Actual	Original	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Suppliers ¹	376,205	355,350	20,855
Grants ²	249,580	272,404	(22,824)
Depreciation and amortisation	10,447	9,671	776
Impairment loss allowance on financial instruments	241	-	241
Payments to corporate Commonwealth entities	1,788,930	1,774,530	14,400
Subsidies ³	-	570,188	(570,188)
Other expenses	13,625	7,146	6,479
Total expenses	2,439,028	2,989,289	(550,261)
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	3,628	3,309	319
Interest ⁴	353,374	401,836	(48,462)
Dividends ⁵	42,205	71,800	(29,595)
Rental income	1,529	1,529	-
Other revenue	942	389	553
Total non-taxation revenue	401,678	478,863	(77,185)
Total revenue	401,678	478,863	(77,185)
Gains			
Other gains	5,527	-	5,527
Total gains	5,527	-	5,527
Total income	407,205	478,863	(71,658)
Net cost of services	(2,031,823)	(2,510,426)	478,603
Deficit	(2,031,823)	(2,510,426)	478,603
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	(1,841)	-	(1,841)
Items subject to subsequent reclassification to net cost of services			
Losses on available for sale financial assets ⁶	(4,831,145)	-	(4,831,145)
Total other comprehensive income	(4,832,986)	-	(4,832,986)
Total comprehensive loss	(6,864,809)	(2,510,426)	(4,354,383)

The above statement should be read in conjunction with note 8.3D



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities as at 30 June 2019			
	Budget estimate		
	Actual	Original	Variance
	2019	2019	2019
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents ⁷	98	26,711	(26,613)
Trade and other receivables ⁴	13,114,512	14,754,100	(1,639,588)
Other investments ⁶	21,672,171	25,271,723	(3,599,552)
Total financial assets	34,786,781	40,052,534	(5,265,753)
Non-financial assets			
Buildings	55,569	58,080	(2,511)
Property, plant and equipment	138,140	140,069	(1,929)
Other non-financial assets	2,965	6,288	(3,323)
Total non-financial assets	196,674	204,437	(7,763)
Total assets administered on behalf of Government	34,983,455	40,256,971	(5,273,516)
LIABILITIES			
Payables			
Suppliers	330,215	335,350	(5,135)
Grants ²	13,255	39,452	(26,197)
Subsidies ³	-	563,989	(563,989)
Other payables	17,206	18,317	(1,111)
Total payables	360,676	957,108	(596,432)
Total liabilities administered on behalf of Government	360,676	957,108	(596,432)
Net assets	34,622,779	39,299,863	(4,677,084)

The above statement should be read in conjunction with note 8.3D

8.3D: Administered Major Budget Variances

Explanation of major variances

¹Supplier expenses increased in 2018-19 mainly as a result of the advertising costs relating to the online safety campaign and increased activity under the Public Interest Telecommunications program.

²The lower than budgeted grants expense mainly relates to the Mobile Black Spots Program. Some base stations that were budgeted for completion in 2018-19 will be completed in 2019-20 and the related grant milestones payments will now be made in 2019-20.

³The 2018-19 Budget estimates reflected the planned commencement of the Regional Broadband Scheme in 2018-19. The Budget was updated during the year to reflect the commencement of the program being deferred to 2019-20.

⁴During 2018-19 NBN Co accessed less of the loan funding than anticipated in the Budget estimates resulting in lower interest revenue being recognised and a lower than budgeted loan receivable balance being recorded in the Administered Schedule of Assets and Liabilities.



Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

⁵Dividend revenue reflects the dividend paid to the Government by the Australian Postal Corporation. The Budget estimates for dividend revenue were updated during the year to reflect more recent projections as agreed by Shareholder Ministers.

⁶The Department's Budget estimates for Administered Investments are generally held constant over the forward years due to the difficulties associated with predicting any changes likely to occur in the values of portfolio entities.

⁷Representing the closing balance of the Public Interest Telecommunications Services and National Cultural Heritage special accounts cash held in the Official Public Account. The variance is mainly driven by actual activities of the programs during the year.





Part 5:

Appendices

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Appendix 1

Agency resource statement and expenses for outcomes

Section 17AF(1)(b) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) requires the annual report to include a table summarising the total resources and total payments of the department.

Table A1.1 Agency resource statement 2018–19

	Actual available appropriation for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
	(a)	(b)	(a) – (b)
Ordinary annual services ¹			
Prior-year departmental appropriation	17,616	17,616	–
Departmental appropriation	107,763	90,759	17,004
Departmental capital budget ²	3,547	3,093	454
Section 74 relevant agency receipts	8,706	8,706	–
Total	137,632	120,174	17,458
Administered expenses			
Outcome 1			
Prior-year administered appropriation	63,797	43,633	
Administered appropriation	209,037	154,117	
Payments to corporate Commonwealth entities	1,327,637	1,327,637	
Outcome 2			
Prior-year administered appropriation	1,912	739	
Administered appropriation	208,209	205,983	
Administered capital budget ²	1,608	1,608	
Payments to corporate Commonwealth entities	461,293	461,293	
Total	2,273,493	2,195,010	
Total ordinary annual services	A 2,411,125	2,315,184	
Departmental non-operating			
Prior-year equity injections	150	150	–
Total	150	150	



	Actual available appropriation for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
	(a)	(b)	(a) – (b)
Administered non-operating			
Prior-year administered appropriations	3,697,547	3,697,547	
Administered assets and liabilities	5,055,869	3,472,952	1,582,917
Administered assets and liabilities payments to corporate Commonwealth entities	55,240	55,240	
Payments to corporate Commonwealth entities — non operating	—	—	
Total	8,808,656	7,225,739	
Total other services	B 8,808,806	7,225,889	
Total available annual appropriations and payments	11,219,931	9,541,073	
Special appropriations			
Public Governance, Performance and Accountability Act 2013 — section 77 (Refund Provision)		47	
Total special appropriations	C	47	
Special accounts			
Opening balance	3,741		
Appropriation receipts	100,827		
Non-appropriation receipts to special accounts	262,117		
Payments made		361,839	
Total special account	D 366,685	361,839	4,846
Total resourcing and payments			
A+B+C+D	11,586,616	9,902,959	4,846
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or non-corporate entities through annual appropriations	(100,827)	(100,827)	
Total net resourcing and payments	11,485,789	9,802,132	

1 Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and includes prior-year departmental appropriation and retained revenue receipts under section 74 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

2 For accounting purposes these amounts have been designated as 'contributions by owners'.



Table A1.2 Expenses for Outcome 1

Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services.

	Budget ² 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	(a)	(b)	(a) – (b)
Program 1.1: Digital Technologies and Communications			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	139,349	86,226	53,123
Special accounts	350,101	345,030	5,071
Payments to corporate entities	1,327,637	1,327,637	–
Expenses not requiring appropriation in the budget year	10,916	8,031	2,885
Departmental expenses			
Departmental appropriation ¹	84,506	73,046	11,460
Special accounts	4,046	4,041	5
Expenses not requiring appropriation in the budget year	4,532	3,254	1,278
Total for Program 1.1	1,921,087	1,847,265	73,822
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	139,349	86,226	53,123
Special accounts	350,101	345,030	5,071
Payments to corporate entities	1,327,637	1,327,637	–
Expenses not requiring appropriation in the budget year	10,916	8,031	2,885
Departmental expenses			
Departmental appropriation ¹	84,506	73,046	11,460
Special accounts	4,046	4,041	5



	Budget ² 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	(a)	(b)	(a) – (b)
Expenses not requiring appropriation in the budget year	4,532	3,254	1,278
Total expenses for Outcome 1	1,921,087	1,847,265	73,822
	2018–19	2018–19	
Average staffing level (number)	405	406	(1)

1 Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3), includes prior-year departmental appropriation and retained revenue receipts under section 74 of the PGPA Act.

2 Full-year budget, including any subsequent adjustment made to the 2018–19 budget at Additional Estimates.

Table A1.3 Expenses for Outcome 2

Outcome 2: Participation in, and access to, Australia's art and culture through developing and supporting cultural expression.

	Budget ² 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	(a)	(b)	(a) – (b)
Program 2.1: Arts and Cultural Development			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 & 3)	207,709	207,679	30
Special accounts	500	475	25
Payments to corporate entities	461,293	461,293	–
Expenses not requiring appropriation in the budget year	1,638	2,657	(1,019)
Departmental expenses			
Departmental appropriation ¹	21,260	32,425	(11,165)
Special accounts	4,692	5,487	(795)



	Budget ² 2018–19 \$'000	Actual expenses 2018–19 \$'000	Variation 2018–19 \$'000
	(a)	(b)	(a) – (b)
Expenses not requiring appropriation in the budget year	647	2,134	(1,487)
Total for Program 2.1	697,739	712,150	(14,411)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 & 3)	207,709	207,679	30
Special accounts	500	475	25
Payments to corporate entities	461,293	461,293	–
Expenses not requiring appropriation in the budget year	1,638	2,657	(1,019)
Departmental expenses			
Departmental appropriation ¹	21,260	32,425	(11,165)
Special accounts	4,692	5,487	(795)
Expenses not requiring appropriation in the budget year	647	2,134	(1,487)
Total expenses for Outcome 2	697,739	712,150	(14,411)
	2018–19	2018–19	
Average staffing level (number)	139	135	4

1 Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1 and 3) and retained revenue receipts under section 74 of the PGPA Act.

2 Full-year budget, including any subsequent adjustment made to the 2018–19 budget at Additional Estimates.



Appendix 2

Advertising and market research

During 2018–19, we conducted the following advertising campaigns: National Online Safety Awareness Campaign.

Further information on this campaign is available at communications.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 A2.1 to A2.3 list any advertising and market research payments of more than \$13,800 (inclusive of GST) made during 2018–19, as required by section 311A of the [Commonwealth Electoral Act 1918](#).

Table A2.1 Advertising agencies

Organisation name	Purpose	Amount of payment (excluding GST)
The Monkeys	Creative services to support the National Online Safety Awareness Campaign	\$1,047,939
Total advertising agencies		\$1,047,939

Table A2.2 Market research organisations

Organisation name	Purpose	Amount of payment (excluding GST)
ORIMA Research	Qualitative and quantitative research to inform the Cook 250 project	\$254,168
ORIMA Research	Qualitative and quantitative research to inform the National Online Safety Awareness Campaign	\$498,567
Hall & Partners	Quantitative research to evaluate the National Online Safety Awareness Campaign	\$152,403
Total market research organisations		\$905,138



Table A2.3 Media advertising organisations

Organisation name	Purpose	Amount of payment (excluding GST)
IPG Mediabrands Australia (trading as Universal McCann)	Media buy services to support the National Online Safety Awareness Campaign	\$5,871,780
Total media advertising		\$5,871,780



Appendix 3

Workplace health and safety

In 2018–19, 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
- › Health Hub
- › dealing with bullying and harassment resources
- › active social and workplace networks such as the Health and Safety Committee

We received no provisional improvement notices and had no notifiable incidents during 2018–19.

Our Rehabilitation Management System was audited by Comcare, with the corrective action plan finalised; a certification of compliance has been issued until June 2020.



Appendix 4

Report on the Environment Protection and Biodiversity Conservation Act 1999

The following information on our environmental management activities is provided in accordance with the [Environment Protection and Biodiversity Conservation Act 1999](#).

We recognise the importance of the five principles of ecologically sustainable development (integration, precaution, intergeneration, biodiversity and valuation) and, given the nature of our work, especially focus on the principles of intergeneration and integration. This is demonstrated through our decision-making processes, which always consider both short-term and long-term impacts.

The department is about to commence its third year in the Nishi building in New Acton. This building takes a progressive approach to achieving world-class environmental performance and has provided an opportunity for us to build on our previous commitment to continuing and improving environmental performance through the following initiatives.

- › The building has dedicated secure recycling for the collection 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 reduction in environmental footprint.
- › Lighting is designed to comply with Australian Standards AS/NZS 1680 and workstation lamps using LED technology.
- › The building follows best practice in the use of paints, adhesives and materials with low volatile organic compound components in the construction and fitout, including at individual workstations.
- › The open-plan floor design maximises access to natural light and views, with most workstations within eight metres of a window, as per Green Building Council criteria.
- › The smart building technology includes a 'night purge' of air from the building, which operates in response to outdoor temperatures and removes warm air in summer.
- › Carbon dioxide monitors improve the accuracy of readings and the performance of air-conditioning across floors.

In February 2019, our tenancy in this building received a rating under the National Australian Built Environment Rating System of 5.0 stars. Opportunities for further improvement will continue to be identified and progressed in consultation with building management and our sub-tenant, Austrade.



Appendix 5

Compliance with section 24Y of the Australian Broadcasting Corporation Act 1983

Under subsection 12(1) of the [Australian Broadcasting Corporation Act 1983](#), the Australian Broadcasting Corporation (ABC) Board consists of a Managing Director, a Chairperson, a staff-elected Director and not fewer than four nor more than six 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 2018–19, we provided secretariat support to an independent nomination panel to recommend an appointment for the ABC Board position of Chairperson. The panel followed a merit-based selection process and made its appointment recommendation in January 2019. The Australian Government made an appointment to the position in March 2019.



Appendix 6

Report on the Protection of Movable Cultural Heritage Act 1986 (section 47)

This appendix constitutes a report on the working of the [Protection of Movable Cultural Heritage Act 1986](#), as required under section 47 of the Act.

Table A6.1 details actions taken under the Act.

Table A6.1 Actions taken under the Protection of Movable Cultural Heritage Act 1986

Action	2017–18	2018–19
Export Permit — permanent — issued	52	36
Export Permit — temporary — issued	8	8
Export Permit — permanent — refused	3	0
Certificate of Exemption — issued	23	19
National Cultural Heritage Account applications approved	4	4
Unlawful imports — return of protected foreign cultural property	4 human skulls returned to the Government of the Republic of Indonesia	1 ammonite fossil returned to the People's Democratic Republic of Algeria



Appendix 7

Employee statistics

All employees: gender, location, full-time and part-time

Tables A7.1 to A7.4 present statistics on the number of departmental employees (including by reference to ongoing and non-ongoing employees) in relation to gender, location, full-time and part-time as at 30 June 2019 and 30 June 2018.

No employees identified their gender as indeterminate, therefore the tables give statistics on male and female employees.

Table A7.1 All ongoing employees: 30 June 2019

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	13	–	13	21	5	26	39
Qld	–	–	–	3	–	3	3
SA	–	–	–	1	1	2	2
Tas	–	–	–	–	–	–	–
Vic	7	–	7	8	2	10	17
WA	–	–	–	1	–	1	1
ACT	149	13	162	249	59	308	470
NT	–	–	–	4	–	4	4
Overseas	–	1	1	–	–	–	1
Total	169	14	183	287	67	354	537

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2019 for a total period greater than 90 days).



Table A7.2 All non-ongoing employees: 30 June 2019

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1	1	2	2	0	2	4
Vic	1	–	1	1	–	1	2
ACT	6	–	6	8	1	9	15
Other	–	–	–	–	–	–	–
Total	8	1	9	11	1	12	21

Table A7.3 All ongoing employees: 30 June 2018

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	16	1	17	19	6	25	42
Qld	–	–	–	2	–	2	2
SA	–	–	–	2	–	2	2
Tas	–	–	–	–	–	–	–
Vic	6	–	6	10	1	11	17
WA	–	–	–	1	–	1	1
ACT	165	10	175	254	60	314	489
NT	–	–	–	4	–	4	4
Overseas	–	1	1	–	–	–	1
Total	187	12	199	292	67	359	558

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2018 for a total period greater than 90 days).



Table A7.4 All non-ongoing employees: 30 June 2018

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	2	–	2	5	–	5	7
ACT	10	1	11	16	6	22	33
Other	–	–	–	–	–	–	–
Total	12	1	13	21	6	27	40

Public Service Act 1999 employees: classification levels, full-time, part-time, gender, location

Tables A7.5 to A7.12 present statistics on the number of [Public Service Act 1999](#) (APS Act) employees in the department (including by reference to ongoing and non-ongoing employees) in relation to classification levels, full-time, part-time, gender and location as at 30 June 2019 and 30 June 2018.

No employees identified their gender as indeterminate, therefore columns in the tables are limited to statistics on male and female employees.

Table A7.5 APS Act ongoing employees: 30 June 2019

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	2	–	2	1	–	1	3
SES 2	1	–	1	5	–	5	6
SES 1	11	1	12	15	–	15	27
EL 2	36	4	40	36	12	48	88
EL 1	45	5	50	84	29	113	163
APS 6	39	1	40	75	18	93	133



	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
APS 5	15	1	16	37	6	43	59
APS 4	11	1	12	26	1	27	39
APS 3	9	–	9	7	–	7	16
APS 2	–	1	1	1	1	2	3
Other	–	–	–	–	–	–	–
Total	169	14	183	287	67	354	537

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2019 for a total period greater than 90 days).

Table A7.6 APS Act non-ongoing employees: 30 June 2019

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
EL 1	1	–	1	3	–	3	4
APS 6	3	–	3	2	–	2	5
APS 5	2	–	2	1	–	1	3
APS 4	2	–	2	5	1	6	8
APS 3	–	1	1	–	–	–	1
Other	–	–	–	–	–	–	–
Total	8	1	9	11	1	12	21



Table A7.7 APS Act ongoing employees: 30 June 2018

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	2	–	2	2	–	2	4
SES 2	2	–	2	5	–	5	7
SES 1	12	1	13	13	1	14	27
EL 2	37	2	39	40	11	51	90
EL 1	51	6	57	85	30	115	172
APS 6	46	–	46	73	19	92	138
APS 5	19	1	20	34	3	37	57
APS 4	9	2	11	28	2	30	41
APS 3	8	–	8	12	–	12	20
APS 2	1	–	1	–	1	1	2
Other	–	–	–	–	–	–	–
Total	187	12	199	292	67	359	558

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2018 for a total period greater than 90 days).



Table A7.8 APS Act non-ongoing employees: 30 June 2018

	Male			Female			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
EL 2	1	–	1	–	–	–	1
EL 1	4	1	5	1	2	3	8
APS 6	2	–	2	9	–	9	11
APS 5	–	–	–	5	1	6	6
APS 4	4	–	4	4	2	6	10
APS 3	1	–	1	1	1	2	3
APS 2	–	–	–	1	–	1	1
Other	–	–	–	–	–	–	–
Total	12	1	13	21	6	27	40



Table A7.9 APS Act employees by full-time and part-time status: 30 June 2019

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	3	–	3	–	–	–	3
SES 2	6	–	6	–	–	–	6
SES 1	26	1	27	–	–	–	27
EL 2	72	16	88	–	–	–	88
EL 1	129	34	163	4	–	4	167
APS 6	114	19	133	5	–	5	138
APS 5	52	7	59	3	–	3	62
APS 4	37	2	39	7	1	8	47
APS 3	16	–	16	–	1	1	17
APS 2	1	2	3	–	–	–	3
Other	–	–	–	–	–	–	–
Total	456	81	537	19	2	21	558

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2019 for a total period greater than 90 days).



Table A7.10 APS Act employees by full-time and part-time status: 30 June 2018

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	4	–	4	–	–	–	4
SES 2	7	–	7	–	–	–	7
SES 1	25	2	27	–	–	–	27
EL 2	77	13	90	1	–	1	91
EL 1	136	36	172	5	3	8	180
APS 6	119	19	138	11	–	11	149
APS 5	53	4	57	5	1	6	63
APS 4	37	4	41	8	2	10	51
APS 3	20	–	20	2	1	3	23
APS 2	1	1	2	1	–	1	3
Other	–	–	–	–	–	–	–
Total	479	79	558	33	7	40	598

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2018 for a total period greater than 90 days).



Table A7.11 APS Act employment type by location: 30 June 2019

	Ongoing	Non-ongoing	Total
NSW	39	4	43
Qld	3	–	3
SA	2	–	2
Tas	0	–	–
Vic	17	2	19
WA	1	–	1
ACT	470	15	485
NT	4	–	4
Overseas	1	–	1
Total	537	21	558

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2019 for a total period greater than 90 days).



Table A7.12 APS Act employment type by location: 30 June 2018

	Ongoing	Non-ongoing	Total
NSW	42	7	49
Qld	2	–	2
SA	2	–	2
Tas	–	–	–
Vic	17	–	17
WA	1	–	1
ACT	489	33	522
NT	4	–	4
Overseas	1	–	1
Total	558	40	598

Note: Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2018 for a total period greater than 90 days).



Information on employment arrangements

Table A7.13 presents statistics on the number of SES employees and non-SES employees covered by any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common-law contracts or determinations under subsection 24(1) of the Public Service Act, during 2018–19.

Table A7.13 APS Act employment arrangements: 2018–19

	SES	Non-SES	Total
Enterprise Agreement 2018 to 2021	–	720	720
Individual flexibility arrangement	–	17	17
Determinations under subsection 24(1) of the Public Service Act	42	–	42
Remuneration Tribunal Determination	1	–	1
Total	43	737	780

Note: In accordance with subsection 17AG(4)(b)(i) of the PGPA Rule, this table includes all SES and non-SES employees covered during 2018–19 (in other words, the table does not present point-in-time data). Data includes inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2019 for a total period greater than 90 days).



Salary ranges

Table A7.14 presents the salary ranges available during 2018–19 for APS Act employees, by classification level.

Table A7.14 APS Act employment salary ranges by classification level: 2018–19

	Minimum salary	Maximum salary
SES 3	285,000	369,627
SES 2	228,888	295,800
SES 1	171,666	254,500
EL 2	119,665	161,337
EL 1	103,151	137,847
APS 6	79,686	107,943
APS 5	72,265	81,514
APS 4	64,819	72,518
APS 3	57,830	64,676
APS 2	50,849	58,344
APS 1	45,197	51,378



Appendix 8

Disclosure of executive remuneration

Tables A8.1 to A8.3 present remuneration information for key management personnel (KMP), senior executives and other highly paid staff.



Table A8.1 Remuneration information for key management personnel¹

Name	Position title	Short-term benefits (\$)		Post-employment benefits (\$)	Other long-term benefits (\$)	Total remuneration (\$)
		Base salary ²	Other benefits and allowances ³			
Mike Mrdak	Secretary	600,545	56,603	93,186	15,966	766,300
Richard Eccles	Deputy Secretary	343,788	49,095	63,017	8,610	464,510
Richard Windeyer	Deputy Secretary	282,804	38,409	52,555	6,580	380,348
Jo Talbot	Chief Operating Officer	236,875	42,826	46,010	6,352	332,063
Nadine Williams	Acting Deputy Secretary ⁶	13,974	3,106	1,802	401	19,283
Sarah Vandenbroek	Acting Chief Operating Officer ⁶	15,985	3,502	3,005	394	22,886
		1,493,971	193,541	259,575	38,303	1,985,390

Notes:

- 1 No remuneration was provided in the form of bonuses; other long-term benefits (aside from long-service leave); or termination benefits.
- 2 Base salary is calculated as total cash salary paid during the financial year, less amounts paid for annual leave and long-service leave, with an adjustment for accruals at the beginning and end of the year.
- 3 Other benefits and allowances comprise car parking fringe benefits, executive vehicle allowances and annual leave expenses. Annual leave expense is calculated on an accrual basis as 20 workdays per year based on the point-in-time substantive salary.
- 4 Superannuation is calculated as actual superannuation contributions made during the year, with an adjustment for accruals at the beginning and end of the year.
- 5 Long-service leave is calculated on an accrual basis as nine calendar days leave per financial year based on the point-in-time substantive salary.
- 6 The officer acted in a key management personnel position for part of the year. The remuneration is the amount calculated for that period.



Table A8.2 Remuneration information for senior executives

Total remuneration bands	Number of senior Executives	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)	Termination benefits (\$)	Average total remuneration (\$)
		Average base salary	Other benefits and allowances	Average superannuation contributions				
\$0 to \$220,000	11	78,340	22,244	16,195		3,743	–	120,522
\$220,001 to \$245,000	6	170,992	32,931	28,874		4,369	–	237,166
\$245,001 to \$270,000	13	179,109	35,351	35,169		4,875	–	254,504
\$270,001 to \$295,000	1	201,727	36,942	36,623		4,844	–	280,136
\$295,001 to \$320,000	3	180,606	36,843	35,228		5,605	46,541	304,823
\$320,001 to \$345,000	1	237,633	42,455	45,339		6,233	–	331,660
\$345,001 to \$370,000	1	271,615	28,833	53,417		7,035	–	360,900

Note: No remuneration was provided in the form of bonuses or other long-term benefits (aside from long-service leave).





Table A8.3 Remuneration information for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits (\$)		Post-employment benefits (\$)	Other long-term benefits (\$)		Total remuneration (\$)
		Base salary	Other benefits and allowances	Superannuation contributions	Long-service leave		
\$245,001 to \$270,000	1	190,266	23,079	34,026	5,185		252,556

Note: No remuneration was provided in the form of bonuses, other long-term benefits (aside from long-service leave) or termination benefits.



Part 6:

Reference information

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Abbreviations and acronyms

ABC	Australian Broadcasting Corporation
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
AFTRS	Australian Film, Television and Radio School
ANMM	Australian National Maritime Museum
APS	Australian Public Service
APS Act	Public Service Act 1999
APT	Asia-Pacific Telecommunity
auDA	.au Domain Administration
CALD	Cultural and linguistic diversity
EL	Executive Level
FOI	Freedom of information
GDP	Gross domestic product
GST	Goods and services tax
IT	Information technology
ITU	International Telecommunication Union
ITU-R	International Telecommunication Union — Radiocommunication Sector
IY2019	International Year of Indigenous Languages
LED	Light-emitting diode
LGBTQIA+	Lesbian, gay, bisexual, trans, queer, intersex, asexual and all people of diverse genders and sexualities
MoAD	Museum of Australian Democracy at Old Parliament House
NAIDOC	National Aborigines and Islanders Day Observance Committee
NBN	National Broadband Network
NBN Co	NBN Co Limited
NFSA	National Film and Sound Archive of Australia
NGA	National Gallery of Australia



NLA	National Library of Australia
NMA	National Museum of Australia
NPGA	National Portrait Gallery of Australia
NRS	National Relay Service
PBS	Portfolio Budget Statements
PDV	Post, Digital and Visual (Effects)
PGPA Act	<u>Public Governance, Performance and Accountability Act 2013</u>
PGPA Rule	<u>Public Governance, Performance and Accountability Rule 2014</u>
PIO	Postal Industry Ombudsman
SBS	Special Broadcasting Service Corporation
SES	Senior Executive Service
TIO	Telecommunications Industry Ombudsman
TUSOPA	Telstra Universal Service Obligation Performance Agreement
UNESCO	United Nations Educational, Scientific and Cultural Organization
UPU	Universal Postal Union
USG	Universal Service Guarantee
USO	Universal Service Obligation
WHS	Workplace health and safety
WRC	World Radiocommunication Conference



Glossary of terms

5G	The next step in the evolution of mobile wireless communications technology, promising improved connectivity, greater network speeds and bandwidth, and very low latency
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the Public Service Act 1999
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
Corporate governance	The process by which entities are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control
Enterprise Agreement	A written agreement about working conditions and wages made between an employer and its employees
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
Grant	Commonwealth financial assistance covered by the Commonwealth Grants Rules and Guidelines
Mobile black spot	A location with poor or non-existent mobile coverage
National Arts and Disability Strategy	A framework for jurisdictions to assess and improve existing activities, consider new opportunities and directions, and identify new partnerships and initiatives



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 APS employee	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the Public Service Act 1999
Ongoing APS employee	A person engaged as an ongoing APS 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 Commonwealth on the Australian community — these should be consistent with those listed in the entity's Portfolio Budget Statements and Portfolio Additional Estimates Statements
Performance information	Evidence about performance that is collected and used systematically and may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention — performance information may be quantitative (numerical) or qualitative (descriptive), and it should be verifiable
Programs	An activity or group of activities that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for Commonwealth entities to achieve the intended results of their outcome statements
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
Service charters	Government policy stipulates that entities that provide services directly to the public have service charters in place. A service charter is a public statement about the service that an entity will provide and what customers can expect from the entity. In particular, the service charter advises what the entity does, how to contact and communicate with the entity, the standard of service that customers can expect, and their basic rights and responsibilities, and how to provide feedback or make a complaint
Spectrum	The span of electromagnetic frequencies used in communications systems
Sustainable Development Goals	Also known as the Global Goals, 17 goals that seek to address issues related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The goals were adopted by world leaders in September 2015 at a summit of the United Nations
Universal Service Obligation	The obligation placed on universal service providers 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



List of requirements

Table R.1 reproduces the table set out in Schedule 2 of the [Public Governance, Performance and Accountability Rule 2014](#). Section 17AJ(d) requires this table to be included in entities' annual reports as an aid of access.

Table R.1 List of requirements

PGPA Rule reference	Description	Requirement	Part of report	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	Reference information	228
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	Reference information	214–218
17AJ(d)	List of requirements	Mandatory	Reference information	219–227
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	2–9



PGPA Rule reference	Description	Requirement	Part of report	Page
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	Part 1	10
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	Part 1	11–12
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	Part 1	11
17AE(1)(a)(iv)	A description of the purposes of the entity as included in the Corporate Plan	Mandatory	Part 1	10
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments — mandatory	Part 1	13–16
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	n/a	n/a
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory	Part 2	17–96
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)	Discussion and analysis of financial performance	Mandatory	Part 1	6–8
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	Appendix 1	186–190



PGPA Rule reference	Description	Requirement	Part of report	Page
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on future operation or financial results	If applicable, mandatory	n/a	n/a
17AD(d) Management and accountability				
Corporate governance				
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	Letter of transmittal	iii
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	Letter of transmittal	iii
17AG(2)(b)(ii)	A certification by the accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	Letter of transmittal	iii
17AG(2)(b)(iii)	A certification by the accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	Letter of transmittal	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	Part 3	98–103



PGPA Rule reference	Description	Requirement	Part of report	Page
17AG(2)(d) to (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory	n/a	n/a
External scrutiny				
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	Part 3	104
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	n/a	n/a
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	104
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	n/a	n/a
Management of human resources				
17AG(4)(a)	An assessment of the department's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	Part 3	103
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:			
	› staffing classification level	Mandatory	Appendix 7	199–204
	› full-time employees	Mandatory	Appendix 7	197–204
	› part-time employees	Mandatory	Appendix 7	197–204
	› gender	Mandatory	Appendix 7	197–202
	› staff location	Mandatory	Appendix 7	197–199, 205–206
	› employees who identify as Indigenous	Mandatory	Part 3	109



PGPA Rule reference	Description	Requirement	Part of report	Page
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	110
			Appendix 7	207
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 7	207
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	Appendix 7	208
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	Part 3	111
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	n/a	n/a
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	n/a	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	n/a	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	n/a	n/a
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	113
Purchasing				
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	Part 3	113



PGPA Rule reference	Description	Requirement	Part of report	Page
Consultants				
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	Part 3	114
17AG(7)(b)	A statement that “ <i>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]</i> ”	Mandatory	Part 3	114
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	113–114
17AG(7)(d)	A statement that “ <i>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</i> ”	Mandatory	Part 3	114



PGPA Rule reference	Description	Requirement	Part of report	Page
Australian National Audit Office access clauses				
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	n/a	n/a
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	n/a	n/a
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	115
17AG(10) (b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	Part 3	115



PGPA Rule reference	Description	Requirement	Part of report	Page
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	115
Financial statements				
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	Part 4	117–184
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 2	191
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	n/a	n/a
17AH(1)(b)	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website]”	If applicable, mandatory	Part 3	115
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	Part 3	107



PGPA Rule reference	Description	Requirement	Part of report	Page
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	104
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	Part 2	91
17AH(2)	Information required by other legislation			
	Reporting on advertising and market research (section 311A of the Commonwealth Electoral Act 1918) and statement on advertising campaigns	Mandatory	Appendix 2	191–192
	Information on work health and safety matters (schedule 2, part 4 of the Work Health and Safety Act 2011)	Mandatory	Appendix 3	193
	Reporting on ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999)	Mandatory	Appendix 4	194
	A statement in relation to each selection process for the appointment of an Australian Broadcasting Corporation Director referred to in paragraph 12(1)(b) or (c) that was completed in the financial year, as required under section 24Y of the Australian Broadcasting Corporation Act 1983	Mandatory	Appendix 5	195
	An annual report on the working of the Protection of Movable Cultural Heritage Act 1986, as required under section 47 of that Act	Mandatory	Appendix 6	196



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