



Australian Government
**Department of Communications,
Information Technology and the Arts**

06 | 07

ANNUAL REPORT

DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS





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Letter of transmittal



Australian Government

Department of Communications,
Information Technology and the Arts

our reference

Secretary

Patricia Scott

Senator The Hon Helen Coonan
Minister for Communications,
Information Technology and the Arts
Deputy Leader of the Government in the Senate
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with the provisions of section 63 of the *Public Service Act 1999*, I present to you my report on the operation of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2007.

The Requirements for Annual Reports, approved by the Joint Committee of Public Accounts and Audit, require that a copy of the report be laid before each House of Parliament on, or before, 31 October 2007.

Yours sincerely

A handwritten signature in black ink that reads "Patricia Scott".

Patricia Scott
18 October 2007

Guide to the Annual Report

This report outlines the performance of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2007. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, released in June 2007.

Under these requirements, the Department must report against the outcomes, administered items, outputs, and performance and budget information in the Department's 2006–07 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). It is suggested that the annual report is read in conjunction with these documents.

The report is structured as follows:

Section 1—Overview

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, and its outcome and output structure.

Section 2—Performance review

This section provides a report on the Department's performance against its outcomes. These outcomes cover arts and culture, sport and communications.

Performance is measured against the success measures in the 2006–07 PBS and PAES. A table linking the performance information in the annual report to the PBS or PAES performance indicators is provided at the beginning of each of the outcome reports in this section.

Section 3—Management and accountability

This section reports on the Department's management practices, including its governance arrangements and management of its human and financial resources.

Section 4—Appendices

The appendices provide supplementary information such as human resource statistics, appearances before parliamentary committees and mandatory reports such as the Department's performance in implementing the Commonwealth Disability Strategy.

Section 5—Financial statements

This section contains the Department's audited financial statements for 2006–07.

Section 6—Other information

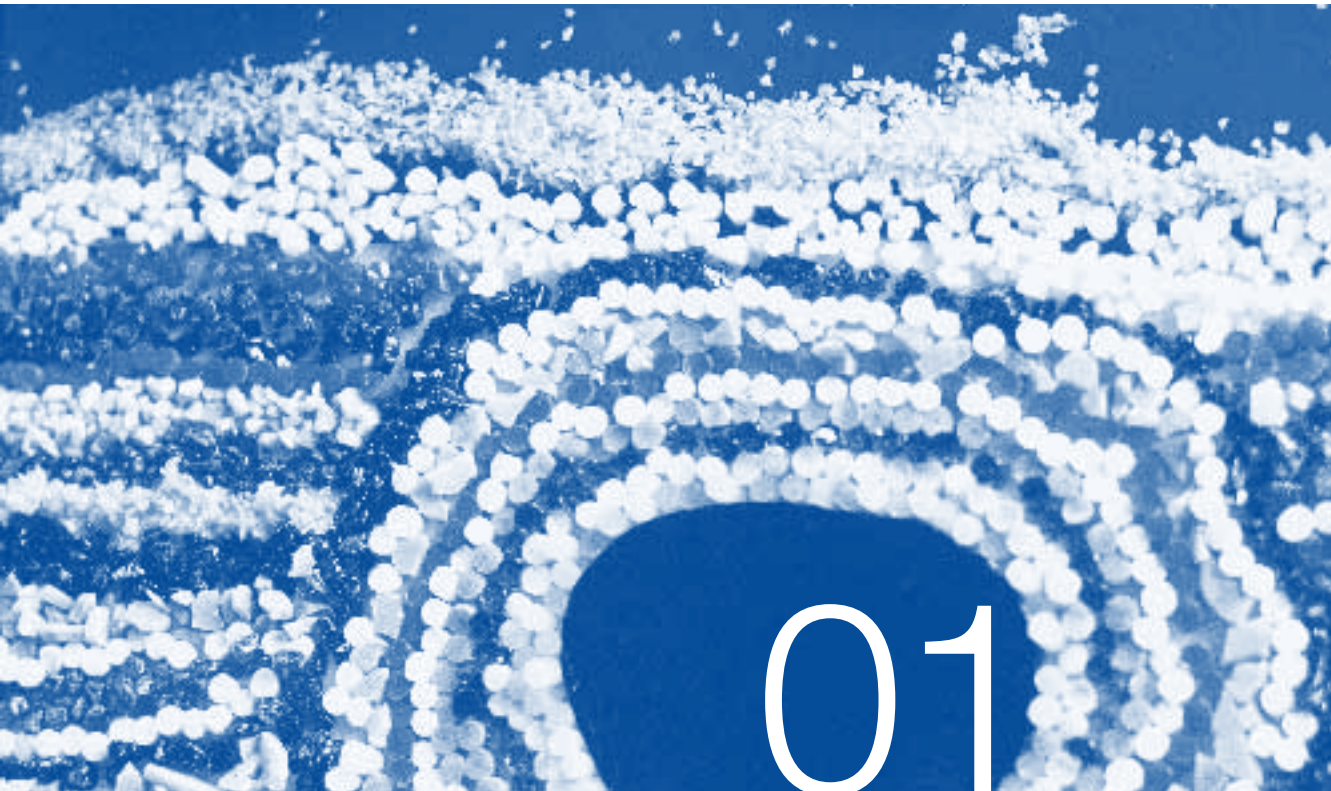
This section contains a list of acronyms and an index to assist the reader.

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OVERVIEW



Secretary's review

The breadth of the Department's work is illustrated by significant initiatives in the following areas in 2006–07:

- + broadband
- + media reform
- + the Australian film industry
- + reconciliation

Broadband

Access to broadband is increasingly important to the development of the Australian economy. Consistent with Australian Government policy, a focus of the Department's work was the development of programs to improve access to broadband services.

The *Broadband Blueprint* was launched in December 2006. The Blueprint provides a national framework for the future of broadband in Australia and was developed in consultation with state, territory and local governments through the Online and Communications Council.

On 18 June 2007, the Australian Government announced Australia Connected. The centrepiece of Australia Connected is the rollout of a new state-of-the-art national broadband network that will result in high speed services being extended to 99 per cent of premises in Australia. A clear focus for 2007–08 will be administering the funding agreement for the rollout of broadband networks to rural and regional areas by OPEL, a joint venture between Optus and rural group Elders.

The Australian Broadband Guarantee was established to ensure that the remaining one per cent of premises in the most remote or difficult to reach areas have access to affordable broadband services. The Australian Broadband Guarantee provides eligible households with a subsidised service. During 2007–08, the Department will also

implement the full Australian Broadband Guarantee program.

As part of Australia Connected the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, announced the establishment of an Expert Taskforce. The Taskforce is responsible for developing and managing a process for inviting and assessing proposals for the rollout of new broadband network infrastructure in capital cities and major regional centres, including the regulatory conditions that proponents consider would facilitate this outcome. The Taskforce process is a policy development process. A priority for the Department will be supporting the work of the Taskforce in developing and conducting the assessment process, and developing and implementing any subsequent enabling legislation.

Media reform

The Department was heavily engaged in developing and supporting the passage of legislation to implement the Australian Government's media reform package. This included a high level of work under extreme pressure and very short deadlines, from the development of the Australian Government's media policy consultation paper in early 2006, through an extensive consultation process and the passage of four Acts through Parliament. The legislation passed on 18 October 2006. The legislation further reforms the media industry in Australia to create a framework to deliver greater consumer choice and a competitive industry in the digital media age.

Over time, the changes are expected to result in major changes to the structure of media industry groups in Australia.

The package will assist in Australia's transition to digital television, deliver new digital services and enable Australia's media industry to take

advantage of opportunities offered by emerging technologies. In addition, the Digital Action Plan released on 23 November 2006 establishes a framework for the transition from analogue to digital services. Digital Australia has been established within the Department to support this transition.

A new era for the Australian film industry

The Australian Government announced a Review of Australian Government Film Funding Support in the 2006–07 Budget. More than 80 submissions were received from a broad cross section of the industry.

The Review report was completed by the Department in December 2006. Following its consideration of the Review, the Australian Government announced in the 2007–08 Budget a major support package for the Australian film industry, worth almost \$300 million

over four years. The package has been widely welcomed by the industry. It fundamentally redesigns the nature of Australian Government support for the industry for the first time since the early 1980s. It introduces a new incentive for producers through an uncapped tax offset scheme, which should attract stronger investor interest by giving the market more say in which productions receive support. This is expected to lead to a larger and more diverse range of Australian film and television productions with greater audience appeal. The package will also strengthen Australia's attractiveness as a location for large-scale foreign films.

As part of the package, direct Australian Government funding will continue for nationally or culturally significant productions as well as important activities such as access, script and industry development, and preservation. To provide a more strategic and



Senator the Hon Helen Coonan, Minister for Communications, Information Technology and the Arts and Maurice Newman AC, Chairman of the Board of the ABC help celebrate the 75th anniversary of the ABC. Image courtesy ABC.

co-ordinated approach, the majority of the functions of the Australian Film Commission, the Film Finance Corporation Australia and Film Australia Ltd will be merged from 1 July 2008 into a new screen authority to be known as Screen Australia. The Department has worked closely with the Department of the Treasury to develop and implement tax legislation to establish the incentives.

Reconciliation Action Plan

The Department completed and registered its first Reconciliation Action Plan in May 2007. The Plan outlines the Department's commitment to its Indigenous staff, clients and stakeholders. The reconciliation initiatives in the Plan complement existing Indigenous programs and seek to influence the delivery and outcomes of Indigenous programs and the Department's operations.

Other key areas of work

T3 Sale

During 2006–07, the Department participated in the due diligence exercise preceding the sale of the remainder of the Commonwealth's stake in Telstra. All due diligence processes and requirements were completed to a high standard, helping to ensure a smooth sale process.

Operational separation

The implementation of operational separation legislation was completed in 2006–07. The legislation reinforces competition by promoting the principles of transparency and equivalence in relation to the supply of certain wholesale services by Telstra. Monitoring of Telstra's operational separation commitments has been a priority for the Department.



L to R: Robbie Crowther, Minister for the Arts and Sport Senator the Hon George Brandis SC, and Patrick Johnson (back). Source: Australian Sports Commission.

Consumer safeguards

Attention was focused on the needs of consumers. The Department provided extensive advice on a range of consumer issues and dealt with a substantial volume of enquiries and correspondence from the Australian public.

In October 2006, Minister Coonan launched the *Stay Smart Online* website during the National E-Security Awareness Week, an initiative designed to raise public awareness of the importance of online security measures for home users and small businesses. Following this, in March 2007 the Department contributed to the Australasian Consumer Fraud Taskforce campaign, a whole of government initiative designed to raise consumer awareness of scams and fraud.

The Department published a booklet providing information for consumers on telecommunications safeguards and how to pursue them. The booklet was mailed to 3.1 million households across regional Australia as part of the Regional Telecommunications Information Campaign.

Regional telecommunications

The Department provided strong support for the development of communications services in regional and remote Australia, including through the implementation of the Connect Australia suite of programs. The Department also participated in the Working Group that is monitoring Telstra's transition of mobile phone technologies from CDMA to Next G, dealing with issues such as handset availability and audits of coverage.

E-security policy

The Department was the lead agency in a whole of government review of the E-Security National Agenda. The Review was undertaken to ensure

that Australia's e-security policy and operational framework remains responsive to the changing online environment. In response to the findings of the Review, the Government announced \$73.6 million in the 2007–08 Budget to strengthen the electronic operating environment for business, home users and government agencies.

NetAlert

The Department also gave strong support to implementing the \$189 million NetAlert—Protecting Australian Families Online package, initially announced by the Australian Government on 21 June 2006.

ICT

A focus for the Department was working with the information and communication technology (ICT) industry and other departments and state/territory governments on strategies to ensure that Australia has the human resources needed to realise the benefits of enhanced communications infrastructure. Skills initiatives over the year included supporting an industry leadership group on ICT skills, funding a national ICT skills recruitment and tracking and monitoring system, and continuing to support industry initiatives to attract more women into the ICT workforce.

Arts and cultural programs

The 2007–08 Budget provided significant funding for cultural activities to build on a number of successful initiatives and programs. Funding was provided for the Visual Arts and Craft Strategy, the Australia Council, major performing arts companies, small to medium arts organisations, the National Portrait Gallery, the Australian Ballet School, and for the repatriation of Indigenous ancestral remains and objects.

Planning and development of the National Portrait Gallery's new purpose built, stand-alone building continued and construction began. Planning also began for the construction of a Gallery of Australian Democracy and Australian Prime Ministers Centre at Old Parliament House.

The Senate Environment, Communications, Information Technology and the Arts Committee tabled its inquiry report, *Indigenous Art: Securing the Future*, on 20 June 2007. This inquiry into the Indigenous visual arts and craft sector was prompted by reports of unscrupulous conduct and exploitative practices in the industry. In 2007–08, the Department will coordinate consideration of the inquiry's recommendations to inform the Australian Government's response and implement any decisions relevant to this portfolio.

In the 2007–08 Budget, the Australian Government committed \$4.7 million over four years to continue the Return of Indigenous Cultural Property Program which the Department administers on behalf of the Cultural Ministers Council. In 2007–08, the Department will finalise tripartite funding agreements between the Australian Government and state and Northern Territory governments and museums. This delivery model will provide each jurisdiction with greater flexibility to address their specific repatriation issues. The Department will also start to develop a framework for the repatriation of non-Australian Indigenous remains held in Australian museum collections.

Combating drugs in sport

The Australian Government continued to play a leading role in the international fight against doping in sport. The UNESCO Convention Against Doping in Sport came into force in

February 2007 following the ratification of the Convention by 30 countries. The Department presented the Australian Sports Anti-Doping Authority as a model for consideration by other countries at two international symposiums.

The Australian Government has actively contributed to the review of the World Anti-Doping Code and funded six new anti-doping research projects into sports doping science. Additional funding of \$2.24 million was provided to the Australian Sports Anti-Doping Authority to enable it to respond effectively to the increased investigatory workload arising from its new responsibilities.

Australia's international recognition for being at the forefront of the fight against doping in sport means anti-doping issues will continue to be a major priority. In particular, the review of the World Anti-Doping Code which took place throughout 2007 will culminate at the World Conference on Doping in Sport in Madrid, Spain 15-17 November 2007, where a final draft of the revised Code will be presented to the World Anti-Doping Agency's Foundation Board for approval. Signatories to the Code are required to implement the 2007 Code Amendments before 31 December 2008. The Department will advise the Australian Government on legislation required to implement the newly revised Code.

Departmental management

The Department received an unqualified audit report for its 2006–07 financial statements—the fourth consecutive year that this has occurred. This is a great achievement and reflects the hard work of many officers across the Department. The Department is further strengthening the financial system with the introduction of the Budget and Reporting Tool, a new, robust database system. The tool will link to the Financial Management Information

System to ensure a single source of budget and actual data. Elements of the reporting tool will be rolled out during 2007–08.

To support the Department of Finance and Administration's Certificate of Compliance requirements, the Department developed and implemented an integrated Compliance, Accountability and Assurance Sign-off document and process to enhance the understanding of compliance requirements. The Certificate consolidates a range of existing agency reporting requirements, and provides a comprehensive overview of the agency's compliance with the Australian Government's financial management framework.

A very competitive labour market across Australia and particularly in Canberra has led to challenges in attracting and retaining staff. A number of important strategic human resource initiatives have been introduced to address workforce supply issues. The Department doubled its graduate intake in 2007 and continued with the successful school leaver program trialed in 2006 with a view to stabilising recruitment at the APS1–4 levels.

The Department also focused on developing staff capability. A senior management program was rolled out to Executive Level staff, and capability development programs for APS1–4 and APS5–6 level staff continued throughout the year. Regional office staff received tailored training in writing and understanding financial statements. Legal and Indigenous cultural awareness programs will be delivered to the regional network over the coming year.

There was a continued focus on appropriate risk management during the year. The Department's procedural rules on risk management and fraud control were revised, and key performance

indicators for strategic risks were introduced. The Fraud Control and Risk Management Plans 2007–09 were also released in June 2007.

We are moving to strengthen our policy advice and streamlining our processes, procedures and system to improve delivery of our outcomes. This will be assisted by a series of reforms introduced in August 2007 and the new Departmental structure which was implemented at the end of September 2007.

In 2006–07, the work of the Department led to significant progress against the policy initiatives determined by the Australian Government. I would like to join with former Secretary, Ms Helen Williams AO, in thanking all staff for their dedication and contribution to the successful work of the Department. The Department looks ahead with enthusiasm to the opportunities that will arise in our dynamic policy and program areas in 2007–08.

Patricia Scott



Departmental overview

The vision of the Department of Communications, Information Technology and the Arts is of a better future for all Australians by the continued development of world-class Australian communications, information technology, cultural and sport sectors.

The goal of the Department is to contribute to the development of telecommunications, broadcasting, information technology, cultural and sports sectors in Australia that are:

- + vigorous and sustainable in a global environment
- + innovative, creative and support excellence
- + increasingly accessible to all Australians
- + enhancing the efficiency and productivity of the Australian economy.

To support this vision and goal, the Department is committed to providing high-quality strategic advice and professional support to ministers and the Australian Government on a wide range of policy areas including information and communications infrastructure access and development, content, media, cultural development, sport and the arts.

The Department also administers legislation and regulations, and delivers a wide range of programs and services.

Ministerial arrangements

Senator the Hon Helen Coonan served as Minister for Communications, Information Technology and the Arts throughout 2006–07.

Senator the Hon Rod Kemp served as Minister for the Arts and Sport until 30 January 2007. Senator the Hon George Brandis SC became Minister for the Arts and Sport on 30 January 2007.

Department contact details

As at 30 June 2007, the Communications, Information Technology and the Arts portfolio consisted of the Department, including Artbank, Old Parliament House and the National Portrait Gallery, and 19 other agencies.

Contact details for the Department

Department of Communications,
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38 Sydney Avenue Forrest ACT 2603
GPO Box 2154 Canberra ACT 2601
Tel: 02 6271 1000
Fax: 02 6271 1800
dcita.mail@dcita.gov.au
www.dcita.gov.au

Artbank
enquiries@artbank.gov.au
www.artbank.gov.au

Sydney showroom
50C Rosebery Avenue Rosebery NSW 2018
Tel: 02 9662 8011
Fax: 02 9662 2563

Melbourne showroom
845 High Street Armadale VIC 3143
Tel: 03 9500 2119
Fax: 03 9500 2612

Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8222
Fax: 02 6270 8111
info.oph@dcita.gov.au
www.oph.gov.au

National Portrait Gallery
Old Parliament House
King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8210
Fax: 02 6270 8181
npg@dcita.gov.au
www.portrait.gov.au

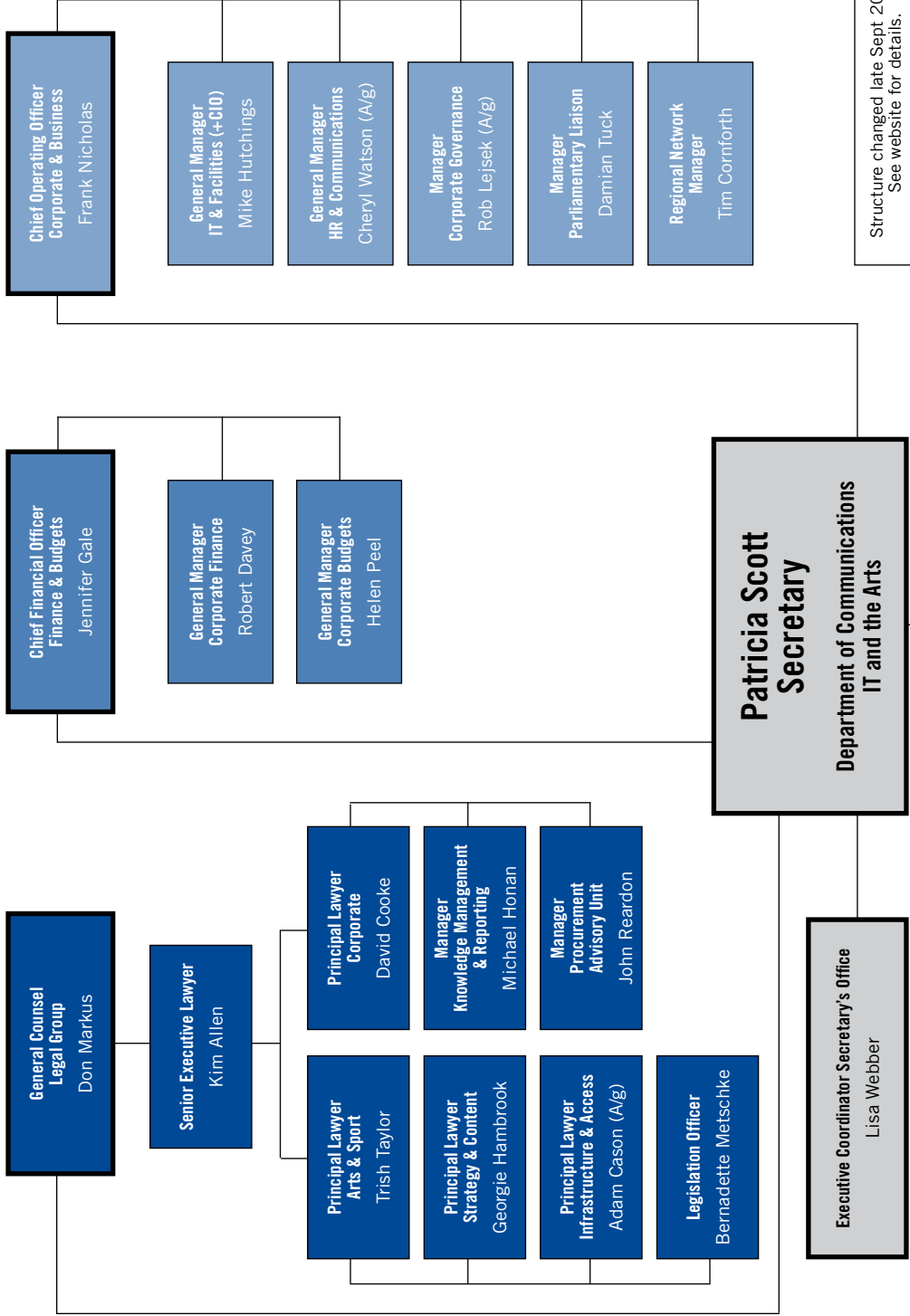
Portfolio structure

Portfolio agencies as at 30 June 2007 are listed below. Contact details are at Appendix 1.

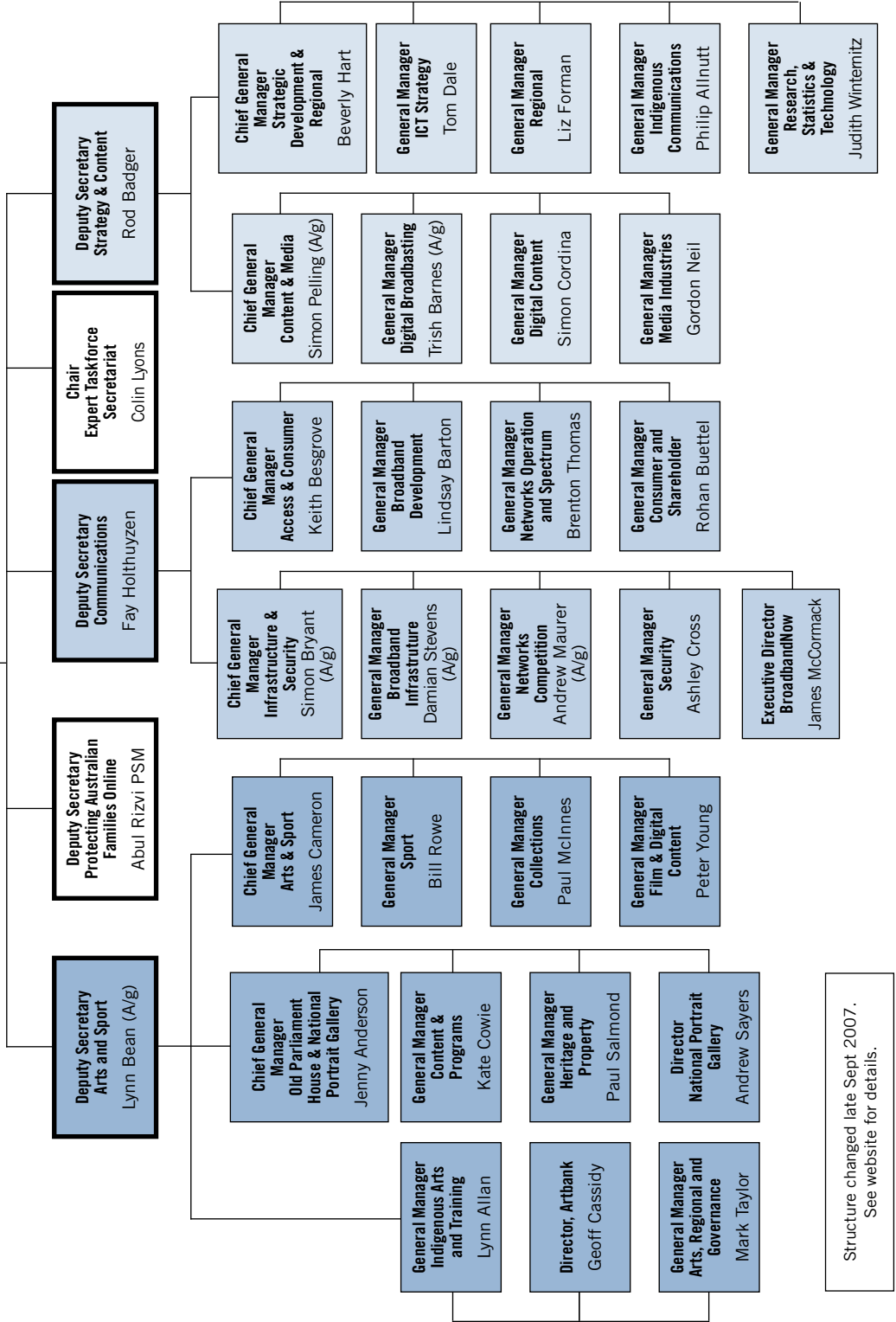
- + Australia Business Arts Foundation
- + Australian Broadcasting Corporation
- + Australian Communications and Media Authority
- + Australia Council
- + Australian Film Commission
- + Australian Film, Television and Radio School
- + Australian National Maritime Museum
- + Australian Postal Corporation
- + Australian Sports Commission
- + Australian Sports Anti-Doping Authority
- + Bundanon Trust
- + Film Australia Limited
- + Film Finance Corporation Australia Limited
- + National Archives of Australia
- + National Gallery of Australia
- + National Library of Australia
- + National Museum of Australia
- + NetAlert
- + Special Broadcasting Service Corporation

Department's organisational chart

The Department is organised into divisions which broadly support the outcome and output structure. The organisational chart overleaf reflects the organisational structure as at the end of June 2007. A new Departmental structure took effect in September 2007.



Structure changed late Sept 2007.
See website for details.



Structure changed late Sept 2007.
See website for details.

Departmental structure

As at 30 June 2007 the Department's Executive comprised Patricia Scott, Secretary of the Department, Fay Holthuyzen, Deputy Secretary for Infrastructure and Access, Rod Badger, Deputy Secretary for Strategy and Content, Abul Rizvi, Deputy Secretary for the NetAlert—Protecting Australian Families Online project and Lynn Bean, acting Deputy Secretary for the Arts and Sport. The role of the Executive Group is discussed in detail in section 3 of this report.

Helen Williams AO was Secretary of the Department until 7 May 2007.

A new departmental structure took effect in September 2007.



The Department's Executive Management Group: (back L–R) Jenny Anderson, Dr Bev Hart, Don Markus, Frank Nicholas, Abul Rizvi, Simon Pelling, Simon Bryant, James Cameron, Brenton Thomas, Colin Lyons, Dr Rod Badger, (front L–R) Jennifer Gale, Lynn Bean, Patricia Scott (Secretary), Andrew Townend, Fay Holthuyzen.

Outcome and output structure

The Department has a diverse portfolio on which to report. This is based on the outcome and output structures established by the Portfolio Budget Statements and amended in the Portfolio Additional Estimates Statements for 2006–07 as set out below.

Outcome 1 Development of a rich and stimulating cultural sector for all Australians.

Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry.

Output 3.1 Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.

Changes to the outcome and output structure

2006–07 Portfolio Budget Statements	2006–07 Portfolio Additional Estimates Statements	2007–08 Portfolio Budget Statements
Outcome 1 Development of a rich and stimulating cultural sector for all Australians	Outcome 1 No change	Outcome 1 No change
<i>Output 1.1</i> Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages	Policy advice, program management and agency support which promotes excellence in, preservation, maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	No change
<i>Output 1.2</i> Preservation of, and access to, Old Parliament House and the National Portrait Gallery and their respective collections	This output was merged into Output 1.1 to provide a streamlined reporting structure.	
Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	Outcome 2 No change	Outcome 2 No change
<i>Output 2.1</i> Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	No change	No change

2006–07 Portfolio Budget Statements	2006–07 Portfolio Additional Estimates Statements	2007–08 Portfolio Budget Statements
<p>Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry</p>	<p>Outcome 3 No change</p>	<p>Outcome 3 No change</p>
<p><i>Output 3.1</i> Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services</p>	<p>Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.</p>	<p>No change</p>
<p><i>Output 3.2</i> Policy advice and program management which promote accessible high-quality broadcasting services</p>	<p>This output was merged into Output 3.1 to provide a streamlined reporting structure.</p>	
<p><i>Output 3.3</i> Policy advice and program management that assist the development of the information and communications technology industry</p>	<p>This output was merged into Output 3.1 to provide a streamlined reporting structure.</p>	
<p><i>Output 3.4</i> Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally</p>	<p>This output was merged into Output 3.1 to provide a streamlined reporting structure.</p>	

