

PERFORMANCE REVIEW

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Development of a rich and stimulating cultural sector for all Australians

Outcome 1

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Outcome 1

Development of a rich and stimulating cultural sector for all Australians

Overview

What we do

The Department's role is to:

- + provide advice to the Australian Government on cultural policy issues and work closely with portfolio agencies and other government departments to develop and implement national cultural policies
- + oversee the national cultural institutions including the National Gallery of Australia, National Library of Australia, National Archives of Australia, National Museum of Australia, Australian National Maritime Museum, Bundanon Trust, Australian Government film agencies and the Australia Council
- + work with the Australia Council, the Australian Government's principal arts funding body, and state and territory arts funding agencies to support excellence and achievement in arts practice and activities
- + administer programs which support cultural activities, philanthropy, elite arts training and film production
- + manage the operations of Old Parliament House, the National Portrait Gallery and Artbank, which are all part of the Department.

What this chapter covers

This chapter reports on cultural sector programs and outputs that the Department was funded to deliver in 2006–07 (see figure 2.1 for details). This chapter:

- + sets out our annual targets, as published in our 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES), and reports our results comparing them with previous years' results where applicable
- + discusses factors that may be affecting or are likely to affect the results
- + summarises the Department's progress against the indicators nominated for each output and program.

Resources for Outcome 1

Figure 2.1

	(1) Budget 2006–07* \$'000	(2) Actual 2006–07 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2007–08** \$'000
Administered Expenses				
(including third party outputs)	189 873	174 744	-15 129	191 038
Total Administered Expenses	189 873	174 744	-15 129	191 038
Price of Departmental outputs				
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	50 151	50 656	505	57 555
Revenue from Government (Appropriation) for Departmental outputs	50 151	50 656	505	57 555
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	7 460	8 164	704	6 099
Revenue from other sources	7 460	8 164	704	6 099
Total price of outputs	57 611	58 820	1 209	63 654
TOTAL FOR OUTCOME 1	247 484	233 564	-13 920	254 692
(Total price of outputs and administered expenses)				
			2006–07	2007–08
Average staffing level			316	386

In 2006–07, the Department changed its output structure. From 1 July 2006 to 9 April 2007 Outcome 1 activities were identified under two Outputs:

- + 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, cultural collections and Indigenous languages
- + Output 1.2: Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

From 10 April 2007 Outcome 1 activities are identified in Output 1.1 as described above.

* Budget estimates as at 2006–07 Portfolio Supplementary Additional Estimates Statement.

** Budget estimates are as at 2007–08 Portfolio Budget Statements.

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Figure 2.2

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Output 1.1		
Policy advice, program management and agency support which promote excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	39	41

Outcomes

Access and excellence in Australia's cultural activities and preservation and development of our collections

Australia has a vibrant cultural sector whose practitioners have achieved success in Australia and overseas. Australians around the country have opportunities to attend a wide-range of exhibitions, theatre, dance and musical performances, and to participate in local arts and cultural activities. Australian Government investment supports institutions, arts practitioners and organisations, Indigenous culture and languages, and access to arts and cultural activities.

Budget initiatives

The 2007–08 Budget provided significant funding to build on a number of successful initiatives and programs.

- + \$24.7 million over the next four years to continue the successful Visual Arts and Craft Strategy (VACS). The VACS, established in 2003, has provided increased funding for more than 30 key organisations around the country and additional support for visual artists and craft practitioners. The sector is strongly supported, dynamic and well-placed to build the market for visual art and craft.
- + Renewal of triennial funding for the Australia Council. The Australia Council will receive \$418.5 million in base funding over the next three years, an increase from the previous triennium of \$20 million. This support will contribute to the vitality of the arts in Australia.

- + Increased base funding of \$24.1 million over four years for 20 of Australia's major performing arts companies to ensure the long-term sustainability of those companies. This increase follows a funding review undertaken by the Department and the Australia Council.
- + \$19.5 million over four years to support and strengthen the small to medium arts organisations which make an important contribution to the diversity and growth of the performing arts in Australia. This measure is an increase of almost 62 per cent over previous funding.
- + Additional funding of \$21.8 million over three years to deliver enhanced visitor services and facilities at the National Portrait Gallery.
- + \$4.7 million over four years for the domestic repatriation of Australian Indigenous ancestral remains and secret/sacred objects to their community of origin, and to develop a framework for the repatriation of non-Australian Indigenous remains held in Australian collections.
- + \$4.6 million in 2007–08 for the Australian Ballet School to refurbish its facilities and plan the expansion of its program.

A Review of Australian Government Film Funding Support, announced in the 2006–07 Budget, was completed in December 2006. Acting on its recommendations, the Australian Government announced a package of measures valued at \$282.9 million over four years in the 2007–08 Budget. It also announced its intention to establish a new Australian screen authority which will incorporate the functions of the Australian Film Commission, the Film Finance Corporation Australia and Film Australia Ltd. The package will introduce genuine incentives for

producers and attract strong investor interest to help put the industry on a more sustainable footing.

The Department continues to place significant emphasis on touring and regional arts programs. Touring programs which include: the Contemporary Music Touring Program, Playing Australia, Visions of Australia and the Contemporary Touring Initiative—provide Australians, particularly those living in regional and remote areas, with the opportunity to experience high quality performing arts productions and a range of exhibitions that would not be as widely available otherwise.

The regional arts programs, including the Regional Arts Fund, Festivals Australia and Festivals Australia Regional Residencies initiative, support cultural development in regional and remote areas.

The Department administers the Australian Government's investment in Australia's national elite arts training organisations. In 2006–07, the Department worked closely with a number of the elite arts training organisations to help them with their facility requirements.

Three Indigenous art and culture programs were administered by the Department—the National Arts and Crafts Industry Support (NACIS) program, the Indigenous Culture Support (ICS) program, and the Maintenance of Indigenous Languages and Records (MILR) program. These programs support the maintenance and development of strong Indigenous arts and culture, including languages. Strong culture is a key element in Indigenous communities, helping to build self-esteem and identity for people, and resilience and capacity for communities, to address the often

pressing social, economic and health challenges that they face.

The Department also administered the Indigenous Visual Arts Special Initiative, which is providing \$4 million over four years from 2004–05. The initiative builds on existing Australian Government investment in Indigenous art centres, recognising that art centres are often the foundation for excellence in the Indigenous arts industry.

In response to the Department's review of the National Collections Program, the Australian Government agreed to maintain program funding of \$1.2 million over four years from 2006–07 to 2009–10. The National Collections Program supports joint government initiatives for the collections sector and is funded by the Australian Government and state and territory governments through the Cultural Ministers Council (CMC).

Preservation of and access to Old Parliament House and the National Portrait Gallery, and their respective collections

Old Parliament House is a museum of social and political history located in a listed national heritage building. It is an important symbol of the development of Australian democracy and is a major attraction in the nation's capital city. It holds an important place in the hearts and minds of many Australians, especially those associated with the building during the long period when it housed the Australian Parliament.

Old Parliament House helps people to understand Australia's social and political history by offering insights into the past and present and by exploring the future.

The National Portrait Gallery, currently housed in Old Parliament House, has developed into a highly valued national collecting institution with a significant collection. It has gained a substantial reputation for the quality of its exhibitions. The Gallery's vision is to increase the understanding of the Australian people—their identity, history, creativity and culture—through portraiture.

During 2006–07, planning and development of the Gallery's new purpose-built, stand-alone building continued and construction began. Planning and development of new programs, content and administrative structures is also progressing. The Department has continued to work closely with the Department of Finance and Administration which manages the building aspects of the Gallery.

The first stage of the Australian Prime Ministers' Centre was opened by the Prime Minister, the Hon John Howard MP on 21 June 2007 at Old Parliament House. Planning for the other Gallery of Australian Democracy projects is progressing. These initiatives will be supported by a new five-year program of capital works developed in 2006–07.

Both Old Parliament House and the National Portrait Gallery continued to attract strong visitor numbers through new in-house exhibitions, associated programs and activities, and website access. Collections held by the National Portrait Gallery and Old Parliament House continued to grow as a result of commissions, purchases and donations.

Administered items

Touring programs

Impact of funding

The Department's cultural touring programs continued to provide audiences across Australia, particularly in regional and remote areas, with access to high-quality performing and visual arts.

During 2006–07, the Minister for the Arts and Sport approved funding of:

- + \$5.4 million for 39 tours supported through the Playing Australia program, which provides financial support for the touring of performing arts across Australia
- + \$1.95 million for the development and tour of 28 exhibition projects through the Visions of Australia program, which helps organisations to develop and tour exhibitions of Australian cultural material
- + \$171 668 for 19 tours supported through the Contemporary Music Touring Program, which provides touring opportunities for musicians and gives audiences access to original Australian music.

These projects covered a range of performing arts genres and museum and gallery exhibitions, making a wide-range of arts programming available to audiences across the country. Funding was provided through these programs to major organisations such as The Australian Ballet, Bell Shakespeare Company, Opera Australia, Circus Oz and the National Gallery of Australia. Smaller organisations were also supported, including renowned percussionist Nick Parnell for a tour of *It's Nothing But Rhythm*, and the Orange Regional Gallery.

Among the approved projects Playing Australia provided:

- + \$373 796 to HIT Productions to tour *The Club*, the award winning play by David Williamson. The production starred one of Australia's most popular and respected actors, Gold Logie Award winner John Wood, and presented 159 performances at 74 venues across every Australian state and territory
- + \$25 732 to the *Twin Cellists* to present 17 performances across South Australia, Tasmania, Victoria, New South Wales, the Australian Capital Territory, Queensland and Western Australia.

In addition to funding tours, the Playing Australia program continued to support the development of national performing arts touring infrastructure. Funding of \$118 000 was provided towards the biannual national performing arts touring market, Long Paddock, and the redevelopment of a performing arts touring coordination website (the Cyberpaddock). These were launched by the Minister for the Arts and Sport, Senator the Hon George Brandis SC, on 17 April 2007.

Among the approved projects The Contemporary Music Touring Program provided:

- + \$10 000 to musician Judy Campbell of NSW for a tour by her eleven piece world music band *Mosaic*. The February 2007 tour visited 20 venues in New South Wales, Victoria, Queensland and the Australian Capital Territory including Bowning, Wauchope, Taree, Oberon and Wangaratta.

Evidence provided in project acquittals under the Contemporary Music Touring Program suggests that program funding provided opportunities to significantly

Case Study

***Nabarlek*—Playing Australia Program**

In April 2006, the former Minister for the Arts and Sport, Senator the Hon Rod Kemp, announced funding of \$2.8 million under Round 27 of the Playing Australia program. In that round the Queensland Arts Council received funding of \$70 699 for a tour of *Nabarlek* by Skinnyfish Music.

Nabarlek is a nine-piece Indigenous band from Manmoyi in Western Arnhemland in the Northern Territory. The band arranges their traditional songs and stories into the format of contemporary music. Their songs are sung in tribal language and English. It is a style that is influenced by rock, country and gospel—a style known as Indigenous Roots music.

Nabarlek toured to Darwin, Portland, Ballarat, Preston, Nunawading, Rockhampton, Mackay, Townsville and Cairns in February–March 2007. The tour was a great success artistically, and attracted a mix of Indigenous and non-Indigenous audiences to theatres across Australia, with capacity audiences in Portland and Nunawading.

In its acquittal the Queensland Arts Council stated that, ‘This tour to nine towns across three states would not have been possible without the support of Playing Australia... the spirit of reconciliation was alive and well during *Nabarlek*’s performances of traditional and contemporary songs, the tour reinforced the importance of our work touring performing arts across Australia’.

As part of the tour, *Nabarlek* visited correctional centres in Rockhampton and Townsville, where band members talked to young inmates and played a number of songs.



Nabarlek performing at Darwin Entertainment Centre.

The funding to support this tour demonstrates the importance of Playing Australia’s role in supporting remote-based artists and performing arts producers to tour into larger centres. It also demonstrates the program’s broader objective to provide performing arts of a high standard to regional and remote communities across the country.

extend touring by contemporary music groups to regional venues outside established touring circuits.

The Contemporary Touring Initiative (CTI) aims to attract new and existing audiences to contemporary Australian visual arts and craft. The Australian Government’s provision of \$1.2 million in funding for the CTI was allocated over three years from 2004–05 as part of the Visual Arts and Craft Strategy (VACS), which was developed in response to the Report of the Contemporary Visual Arts and Craft Inquiry.

The CTI provides assistance to major collecting institutions with demonstrated experience and expertise in developing major touring exhibitions. Since its inception, CTI funding of \$1.2 million has helped develop and tour five major exhibitions of the work of significant Australian contemporary artists. These are:

- + *Tim Johnson Painting Ideas*—developed and toured by the Queensland Art Gallery in collaboration with the Art Gallery of New South Wales
- + *James Angus and Paddy Bedford*—developed and toured by the Museum of Contemporary Art, Sydney

- + *The National Indigenous Art Triennial: Culture Warriors*—developed and to be toured by the National Gallery of Australia
- + *Gordon Bennett*—developed and to be toured by the National Gallery of Victoria.

Regional cultural activities

Diversity of and access to cultural activities in regional areas

Festivals Australia

The Festivals Australia program (including the Festivals Australia Regional Residencies initiative) supports new arts projects at regular festivals. These projects cover diverse art forms including classical, jazz and blues music, traditional Indigenous dance and hip-hop, writing workshops, sculptures, puppetry and circus skills. In two funding rounds, funding of \$1.51 million was provided through Festivals Australia and Festivals Australia Regional Residencies to 96 projects, 64 per cent in regional areas and 18 per cent in remote Australia.

The high quality of recent Regional Residencies applications demonstrated

Figure 2.3 Number of shows in all states and territories 2006–07
M (Metropolitan) R (Regional)

Program	ACT		NSW		VIC		SA		QLD		NT		WA		TAS	
	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R
Contemporary Music Touring Program	16	0	34	122	39	37	12	26	18	29	3	15	10	59	2	7
Playing Australia	12	0	25	125	54	149	14	35	35	118	19	17	13	61	19	33
Visions of Australia	5	0	7	28	4	17	9	3	3	13	2	3	7	6	7	0

a strong public demand for arts projects involving collaborations between an artist and community participants creating and presenting locally relevant artistic works.

Regional Arts Fund

The Regional Arts Fund is providing \$16.1 million over four years from 2004–05 to 2008–09, to support community-based cultural development in regional, remote and isolated communities throughout Australia. The program is delivered in partnership with regional arts organisations in each state and arts ministries in the territories through funding agreements and within the framework of national guidelines approved by the Minister for the Arts and Sport. In 2006–07, the Regional Arts Fund provided \$4.07 million nationally, for a range of activities which included funding for 191 community arts projects totalling \$1.8 million.

Of the \$16.1 million provided to the Regional Arts Fund, \$1 million over four years is allocated to the *Creative Volunteering—No Limits* accredited training course. Creative Volunteering allows regionally-based volunteers to develop a range of skills including marketing, working with collections, and governance. From its inception in 2001 to the end of June 2007, Creative Volunteering provided 732 workshops (including 89 in 2006–07) in 230 locations for 6140 participants (including 902 in 2006–07). In 2006–07, two new course modules were rolled out which covered organisational governance and working with people. Further modules are under development.

A Regional Arts Summit was held in Canberra on 10 August 2006 at Parliament House and was opened by the Minister for the Arts and Sport. The 25 panellists and 60 participants

debated future priorities for the regional arts sector.

Departmental officers engaged in a range of regional arts seminars and information sessions to increase broader awareness of the Department's regional cultural programs. These included the Pacific Edge Regional Arts Conference, held in Mackay in September 2006, which attracted more than 700 delegates.

During 2006–07, departmental officers introduced targeted promotional strategies to help Indigenous people access the Department's mainstream cultural access programs which support arts and culture projects in regional and remote Australia. Regional Arts Australia undertook a scoping project in 2006 to identify barriers and provide strategies to increase Indigenous access to Creative Volunteering. A pilot project has been approved with Regional Arts Fund funding of \$67 000 to develop a flexible model for delivering Creative Volunteering training to Indigenous communities. The pilot will begin in late 2007 in two Indigenous communities.

Community Heritage Grants

The Community Heritage Grants (CHG) program provides cash grants of up to \$15 000 to community groups to document and preserve their collections, and provides conservation and preservation training. The program is administered by the National Library of Australia under a funding agreement with the Department. In the 2006 grant round, 80 grants were awarded to community organisations and collecting institutions to preserve significant objects within their collections.

The 2007 grant round is being jointly funded by the Department (\$420 000), National Library of Australia (\$40 000), National Archives of Australia (\$20 000),

National Film and Sound Archive (\$20 000) and National Museum of Australia (\$40 000). Applications for the 2007 grant round closed on 8 June 2007 and are being assessed.

Maritime Museums of Australia Project Support Scheme

The Maritime Museums of Australia Project Support Scheme (MMA PSS) provides grants of up to \$5000 to help organisations caring for Australia's maritime collections to enhance the collection management, conservation and presentation of Australia's maritime heritage. The program is administered by the Australian National Maritime Museum (ANMM) under a funding agreement with the Department. The 2006–07 grant round was jointly funded by ANMM (\$15 000) and the Department (\$63 400) and provided \$78 400 to 24 projects and two internships.

Arts training organisations

Efficient and timely administration of funding agreements

The Australian Government supports the national performing arts training organisations to provide elite level training to equip Australians for performance roles and in performance support areas such as direction and costume design.

Seven national performing arts training organisations received operational funding totalling \$14.4 million in 2006–07. Funding is provided from the Cultural Development Program through comprehensive funding agreements which set out the outputs and reporting obligations of the organisations.



NAISDA auditions, at the NAISDA Dance College, Mt Penang NSW, December 2006.

The organisations funded in 2006–07 were:

- + Australian Ballet School
- + Australian National Academy of Music
- + Australian Youth Orchestra (AYO)
- + Flying Fruit Fly Circus (FFFC)
- + National Aboriginal and Islander Skills Development Association (NAISDA)
- + National Institute of Circus Arts (NICA)
- + National Institute of Dramatic Art (NIDA).

One-off funding of \$58 420 was provided to the FFC and NICA jointly to engage a guest master trainer from the Shanghai Circus School.

In 2006–07, all training organisations achieved results consistent with the terms of their funding agreements and acquitted their payments within the specified timeframes.

Training organisations had 1020 students enrolled in 2006–07. Many graduates of the training institutions found work in their chosen fields including with prestigious national and international companies. For example, twelve of thirteen graduates of the Australian Ballet School in 2006 are now contracted to ballet companies in Australia and overseas.

There were improvements to the facilities of a number of arts training organisations in 2006–07 including:

- + The opening, in March 2007, of NICAs purpose built performance and training venue, the National Circus Centre in Prahran, Victoria. Since May 2004 the Australian Government has provided \$8.3 million towards the design, construction and fit-out of the new Centre.
- + The official opening, in April 2007, of NAISDA's Mt Penang campus, following its relocation from Sydney in October 2006. In February 2007 the Australian Government announced additional funding for NAISDA to support the development of dance training, academic and performance facilities, and residential accommodation at Mt Penang. This included \$5 million to refurbish the Mt Penang facilities and \$300 000 per year to meet increased operational costs in the new premises.
- + Additionally, in January 2007 the Australian Government announced funding of \$4.9 million over four years to enable NIDA to meet the ongoing operational costs associated with its expanded facilities.

Commonwealth and public companies

Efficient and timely administration of funding agreements and reporting arrangements

The Department administers annual grants to certain companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out in figure 2.4.

The Department administers Australian Government funding to Ausfilm under an annual funding agreement. Ausfilm provides an information gateway service for foreign producers seeking advice on aspects of screen production in Australia including Australian Government incentives. At 30 June 2007 Ausfilm had met all its reporting obligations under the 2006–07 funding agreement.

The Film Finance Corporation Australia invested \$72.3 million in a diverse slate of feature films, television drama

and documentaries which generated a total production value of \$196 million. The Corporation's policy of determining eligibility either through marketplace attachments or creative evaluation has generated a more diverse group of films. Over the last twelve months this has included the release of *Clubland*, *Romulus My Father* and *Razzle Dazzle*.

Film Australia Limited delivered 18 National Interest Program points consistent with its obligation to produce 100 program points under the five-year contract with the Department. It also continues the History Initiative—a 10 part series of high quality documentaries on Australia's history. The first of these was a three part series entitled *Constructing Australia* the first part of which, *The Bridge*, was shown on ABC television on 18 March 2007.

The Australian Children's Television Foundation's latest co-production *Mortified*, received critical acclaim and many local and international awards including two Australian Film Institute awards. The Victorian Government has purchased an upgrade

of the Foundation's *Kahootz* educational multimedia program for all Victorian public schools.

The Australia Business Arts Foundation (AbaF) met its reporting requirements under the 2006–07 funding agreement. AbaF has promoted private sector engagement with the arts throughout 2006–07 through its Partnering, Volunteering and Giving Programs. AbaF exceeded performance targets in a number of key program areas including the number of business arts partnerships facilitated, the dollar value of volunteering relationships facilitated and value of donations to the Australia Cultural Fund.

During the year, the Bundanon Trust achieved increased overall attendances with 11 377 visitors in 2006–07, representing a 23 per cent increase over the previous year. Importantly work began in 2006–07 to improve the Riversdale access road.

A review of the Bundanon Trust's operations was undertaken in the 2006–07 Budget context. Following

Figure 2.4 Funding to Commonwealth and public companies 2004–05 to 2006–07

Institution	2004–05 (\$m)	2005–06 (\$m)	2006–07 (\$m)
Ausfilm	1.047	1.321	1.367
Film Finance Corporation Australia	65.500	70.500	70.500
Film Australia Ltd	10.848	13.007	13.170
Australian Children's Television Foundation	2.511	2.543	2.578
Australia Business Arts Foundation	1.652	1.651	2.252 (does not include funds for Visual Arts training package)
Bundanon Trust	0.490	0.847	1.069

the review, the Australian Government announced indexed funding of approximately \$6 million over four years from 2007–08. The funding will enable the Trust to undertake its core activities and address identified pressures in collection management, marketing and information technology.

Cultural Ministers Council and related initiatives

The Cultural Ministers Council (CMC) is the ministerial forum for the exchange of views on issues affecting cultural activities in Australia and New Zealand. It provides a forum for cultural cooperation and coordination between the Australian Government, Australian states and territories and New Zealand.

The Council comprises the ministers responsible for cultural activities in these jurisdictions. Cultural ministers from Papua New Guinea and Norfolk Island and a representative from the Australian Local Government Association have observer status on the Council. The Council is supported by a standing committee of senior officials from each jurisdiction. An Australian Government representative held the chair of CMC and the standing committee from 6 August 2005 until 22 September 2006.

The 19th meeting of the CMC was held in Wellington, New Zealand on 22 September 2006. The Department provided secretariat support to the Council, the standing committee and a number of working groups including the Statistics Working Group. The Department hosted the standing committee meeting on 27 July 2006 and continues to manage the majority of Council initiatives and working groups.

The Council secretariat reviewed CMC operations in 2006. Ministers agreed to the review's recommendations for improving the governance and efficiency of the Council and its working groups, and these recommendations are being implemented.

Key initiatives undertaken

On behalf of CMC, the Department continued to manage a number of Council initiatives including the Collections Council of Australia, the Return of Indigenous Cultural Property Program and the Collections Australia Network.

CMC agreed in September 2006 to establish a roundtable to investigate prospects for the creative sector in the digital environment. The roundtable completed a mapping exercise of shared priorities and activities in the digital environment. The outcomes of the mapping exercise are informing a report being prepared for consideration by ministers at their next meeting in November 2007.

At the September 2006 meeting, ministers also agreed that contemporary music should be a CMC priority. A working group has been established to consider and develop opportunities for collaborative CMC action to support the growth of the contemporary music sector. An audit of cultural and industry programs available to the contemporary music industry has been completed and a business skills development program is planned for early 2007–08.

The Department's secretariat support and financial contribution to the Statistics Working Group of the CMC assisted in the ongoing production of core cultural statistics required for monitoring developments in the cultural sector.

Statistics Working Group reports released in 2006–07 included:

- + *Cultural funding in Australia—three tiers of government 2004–05*
- + *Music in Australia: a statistical overview*
- + *Cultural participation by persons with a disability and older persons, 2003*
- + *The social and demographic characteristics of cultural attendees*
- + *Aboriginal and Torres Strait Islander Australians: involvement in arts and culture.*

Collections Australia Network

During 2006–07, the Department continued to administer the contract for the delivery of the Collections Australia Network (CAN) on behalf of the CMC as an online resource for use across the collections sector. As the current CAN service contract expired on 30 June 2007, the Department undertook a tender process for a service provider to promote, deliver and maintain the CAN website for the next three years to 30 June 2010. The successful tenderer was the Powerhouse Museum.

Return of Indigenous Cultural Property Program

The Return of Indigenous Cultural Property (RICP) Program represents a collaborative effort between the Australian Government, the state and Northern Territory governments and the museums sector to resolve the issues surrounding the return to Indigenous communities of collections of Indigenous ancestral remains and secret/sacred objects. The RICP Program is intended to enhance existing repatriation activities undertaken by the eight major museums in Australia and does not apply to holdings overseas.

Round three of the current RICP Program, which was due to conclude on 30 June 2007, was extended to 31 December 2007 to enable museums to complete their current program of repatriation activities.

During the year a review was undertaken of the RICP Program. Discussions with arts ministries in each state and the Northern Territory on continuing the RICP program are progressing.

Collections Council of Australia

In February 2004, CMC agreed to establish the Collections Council of Australia (CCA) to advance the stability and sustainability of the collections sector throughout Australia. In 2006–07, the Department provided the secretariat for a review of the CCA and recommendations will be considered by CMC.

Public Lending Right and Educational Lending Right schemes

Increased access to Australian books in public and educational libraries by providing support to Australian creators and publishers

The Educational Lending Right and Public Lending Right programs provide payments to eligible Australian creators (authors, editors, illustrators, translators and compilers) and publishers whose books are held in educational and public lending libraries. Both programs support the enrichment of Australian culture by encouraging the growth and development of Australian writing and publishing. The Public Lending Right program was established in 1974 and the Educational Lending Right program was established in 2000.

The number of titles registered with the Public Lending Right program that received a payment in 2006–07 was 23 056, and 37 869 titles were registered with the Educational Lending Right program. Payments were calculated from the results of sample surveys of books held in public libraries and educational lending libraries.

There continues to be significant increases in new claimants under the Educational Lending Right program, with an increase of 748 (5.4 per cent) of total eligible claimants in 2006–07. The claimant numbers for the Public Lending Right program remain comparatively stable with new titles added to the program being offset by older books falling below the minimum number of copies (50) required to attract a payment.

There is a minimum payment threshold for both programs of \$50. The maximum payment in 2006–07 under the Public Lending Right program was \$180 000 and for the Educational Lending Right

program it was \$109 016, which in each case was a payment to a publisher.

This year has marked a step forward in service delivery to creators and publishers with the launch of the Lending Rights Online service which provides improved convenience of access and information for both new and existing claimants.

Art Indemnity Australia

Australians have wide access to exhibitions of significant Australian and international cultural material

Art Indemnity Australia (AIA) is the program through which the Australian Government indemnifies owners against loss of, or damage to, works loaned for exhibitions of significant cultural material. This indemnity by the Australian Government makes it possible for some of the world's greatest masterpieces to be brought to, and exhibited in, Australia.

Figure 2.5 Educational Lending Right payments

Number of payments made	New claimants	Creators	Publishers	Total payments (\$m)
2004–05	540	8681	314	10.377
2005–06	440	9423	355	10.408
2006–07	365	9887	374	10.438

Figure 2.6 Public Lending Right payments

Number of payments made	New claimants	Creators	Publishers	Total payments (\$m)
2004–05	412	8605	344	6.818
2005–06	406	8570	353	7.002
2006–07	380	8525	341	7.091

Case Study

Exhibit highlights extraordinary items that shaped our nation

The exhibition *National Treasures from Australia's Great Libraries* presented 170 iconic items that shaped our nation. Drawn from the collections of Australia's national, state and territory libraries, the exhibition contained a diverse range of manuscripts, maps, drawings, paintings and objects—from the everyday to the exotic.

The exhibition was extremely popular, attracting more than 191 000 visitors during 2006–07. First shown at the National Library of Australia in December 2005 the exhibition then toured to Victoria, Tasmania, New South Wales, Queensland, South Australia, the Northern Territory and Western Australia, ensuring wide access to this important cultural exhibition.

Significant items displayed included the helmet worn by Ned Kelly at the siege of Glenrowan, the cricket bat Don Bradman used to score a record breaking 334 runs, and Captain James Cook's *Endeavour* journal.

The Australian Government has provided significant support to the exhibition through two cultural programs administered by the Department—AIA and Visions of Australia.

Since AIA was established in 1979, the Commonwealth has indemnified cultural objects worth \$11.952 billion in 99 exhibitions, with a combined audience of more than 20.7 million visitors. Without AIA, the high cost of insuring valuable cultural items would prohibit the touring of significant exhibitions, such as *National Treasures*, to and within Australia.

The *National Treasures* exhibition also received funding of \$160 000 through the Visions of Australia program to help with the costs of touring it to all states and territories.



Captain James Cook's *Endeavour* journal.

The exhibition saw extensive collaboration between libraries across Australia, with the exhibition tour managed by the National Gallery of Australia on behalf of the National Library of Australia and every state and territory library.

More information on the exhibition is available from nationaltreasures.nla.gov.au

In 2006–07 AIA indemnified the following exhibitions:

- + *National Treasures from Australia's Great Libraries*
- + *Picasso: Love and War 1935–1945*
- + *Cook's Pacific Encounters*.

The program aims to achieve an equitable geographic spread of exhibitions over time. During the year the numbers of venues for indemnified exhibitions were comparable to those in 2004–05 and 2005–06. During 2006–07 AIA achieved a wider geographic spread of exhibitions due to *National Treasures* which toured every Australian state and territory between 2005–06 and 2007–08. The tour began at the National Library of Australia in December 2005 and concluded its tour in Western Australia in August 2007. At 30 June 2007, a total of 350 273 visitors had viewed this exhibition.

The geographic spread across all states and territories between 2002–03 and 2006–07 is shown in figure 2.7 below. Since 2002–03, 53 venues across all states and territories have hosted exhibitions indemnified under AIA. The high number of venues in 2002–03 and 2003–04 was the result of the National Gallery of Australia's *Out and About* exhibition which involved touring 10 of its most precious works to 20 galleries to celebrate the National Gallery's 20th anniversary.

There have been no claims on AIA over the past five financial years.

Exhibitions indemnified by AIA attracted more than 437 000 visitors during the year.

Figure 2.7 Art Indemnity Australia—number of venues and geographic spread

	2002–03	2003–04	2004–05	2005–06	2006–07
ACT	1	3	2	3	1
NSW	3	2	0	0	1
VIC	3	2	3	3	1
TAS	2	1	1	1	1
SA	0	4	2	0	1
WA	1	2	0	0	1
NT	2	1	0	0	1
QLD	2	1	0	0	1
Total number of venues	14	16	8	7	8

Source: Art Indemnity Australia managing organisations

Figure 2.8 Art Indemnity Australia—number of visitors to indemnified exhibitions

	2003–04	2004–05	2005–06	2006–07
	647 000	397 994	474 253	437 236

Indigenous languages and culture programs

Impact and range of activities funded to recognise, protect and promote use of Indigenous languages and participation in traditional and contemporary Indigenous cultures

The Indigenous Culture Support (ICS) and the Maintenance of Indigenous Languages and Records (MILR) programs are funded by the Australian Government and operate Australia-wide. In delivering these programs, the Department works cooperatively with the Department of Families, Community Services and Indigenous Affairs and other agencies in a whole-of-government approach to Indigenous affairs.

Indigenous Culture Support

The Indigenous Culture Support program supports the maintenance and development of Aboriginal and Torres Strait Islander cultures, with an emphasis on community participation, cultural transmission across age groups, new forms of cultural expression, and cultural exchange among different Indigenous communities and between Indigenous and non-Indigenous cultures in Australia.

In 2006–07, 140 activities were supported, totalling \$6.77 million. Funding assisted a range of activities including the operation of cultural centres, the teaching of cultural traditions across generations, cultural camps, art and craft production, dance and music festivals.

Maintenance of Indigenous Languages and Records

The Maintenance of Indigenous Languages and Records program continues to support the maintenance and revival of Aboriginal and Torres Strait Islander languages as living systems of knowledge shared by communities and passed down from generation to generation.

In 2006–07, seventy-nine activities were supported at a cost of \$8.8 million. The range of activities funded included the operation of language centres, salaries for language workers, community involvement to complement the teaching of Indigenous languages, and the production of materials and resources facilitating language maintenance and revival. Funding was also provided to national Indigenous language organisations to enhance coordination and cooperation nationally, and to strengthen links between research and collection at a national level and community-based activities.

For example, Arwarbukarl Cultural Resource Association (ACRA) in New South Wales received \$188 250 in 2006–07 to continue developing a language database to be used by communities and language workers to revitalise Indigenous languages. This activity has received wide support and fostered strong partnerships with education and business. In July 2007 ACRA was recognised at Microsoft's Global Partnership Awards as a top three finalist in the International Community Partnerships category, from over 1800 international entries.

Indigenous arts and crafts industry

Range of activities funded to recognise, protect and promote Indigenous arts and crafts

The National Arts and Crafts Industry Support (NACIS) program continued to support Indigenous art centres and arts support and advocacy organisations through funding, with the overall objectives of assisting art centres to become stronger and building a more sustainable arts practice. In 2006–07, sixty-eight activities were supported worth \$5.7 million. While most of the funding contributed to the operational costs of Indigenous art centres, often through supporting the salaries of art centre coordinators, funding was also provided to a number of national initiatives to provide training and support services to individual Indigenous artists and member art centres.

In 2006–07, the Department administered the third year of the Indigenous visual arts special initiative. The Government has committed \$4 million over four years for upgrading Indigenous art centre facilities, for marketing activities and for training young and emerging artists. In 2006–07, eighteen activities were supported across the three funding categories including a series of two-day workshops in visual arts techniques and business skills for artists throughout regional New South Wales provided by Outback Arts (NSW), the upgrade of the pottery studio at Hermannsburg Potters Aboriginal Corporation (NT), and the development of a range of marketing items for Djilpin Arts Aboriginal Corporation in Beswick in the Northern Territory.

Shared Responsibility Agreements

Shared Responsibility Agreements (SRAs) represent a new cooperative way of supporting arts and cultural activities in Indigenous communities. SRAs are agreements at the local level between governments and Indigenous communities or groups. Through an SRA, the community and governments agree to work towards certain identified goals with the governments providing resources and the community making commitments (or mutual obligations) to help reach these goals. The three arts and culture programs—ICS, NACIS and MILR—provided support towards 12 SRAs totalling \$482 553 in 2006–07.

In 2006–07 the ICS program contributed funding of \$323 053 for 10 SRAs. The flexibility of ICS program objectives and the range of activities supported enabled the program to be a small but important contributor to many large SRAs, playing an integral role in achieving much broader social outcomes.

The MILR program contributed funding of \$109 500 to three SRAs. The MILR program has contributed to SRAs that help build a strong and sustainable Indigenous languages environment. In 2006–07 the NACIS program contributed funding of \$50 000 to one SRA.

These contributions included one substantial SRA in Hopevale to which all three programs contributed.

The *Better Pathways* SRA, supported by the ICS program and managed by the Orange Shire Council, targeted ‘at risk’ Indigenous youth aged from 9 to 15 years in the community. The program was also linked with the Indigenous community as a whole by providing structures for engagement with community through cultural activities, a mentoring scheme,

and a 'high-achieving' youth sport program. In return, young community members agreed to work closely with appointed mentors, attend school, avoid criminal behaviour and attend court for prior outstanding offences, as well as serve as good role models for other Indigenous young people. Mentors agreed to undertake TAFE mentor training and act as an advocate for their charges. The community believes that changing these risk behaviours will offer young people better opportunities in life and used the SRA to help achieve this. In the first two months of the project ten boys attended a camp in which they painted didgeridoos and canvases and discussed cultural issues with male mentors, while eight girls attended a girls camp and discussed women's business issues during craft sessions involving fabric painting and jewellery making. The SRA has been extended beyond 2006–07 to allow completion of the project, and a review of the effectiveness of the project strategies will be held in November 2007, with a final review in 2008 at the expected completion of the project.

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

High-quality program administration

Indigenous programs

The Department's Indigenous visual arts and crafts, culture and language programs were part of the 2006–07 whole-of-government funding round for Indigenous programs coordinated by the Department of Families, Community Services and Indigenous Affairs.

Demand for support from the Department's Indigenous arts and culture programs remained high with more than 540 applications for funding support received. Over the year 287 activities were funded to the value of \$21.3 million (\$5.7 million for NACIS, \$6.8 million for ICS, and \$8.8 million for MILR).

Three important consultancies were undertaken in 2006–07. These were an evaluation of the Maintenance of Indigenous Languages and Records program, a review of the Federation of Aboriginal and Torres Strait Islander Languages (FATSIL) Corporation, and an evaluation of the governance structures and processes of the Townsville Aboriginal and Torres Strait Islander Cultural Centre and their impact on the

operations of the Centre. The findings of the evaluations and the review are under consideration.

Information about the Return of Indigenous Cultural Property (RICP) program can be found under Administered Items.

Touring and cultural development programs

In 2006–07, 182 projects from 427 applications were offered over \$9 million through Festivals Australia, Festivals Australia Regional Residencies, Playing Australia, Visions of Australia, the Contemporary Touring Initiative and the Contemporary Music Touring Program.

Applications were assessed by expert committees for each of the programs on two occasions during the year, and recommendations were made to the Minister for the Arts and Sport. Announcements of successful applicants were made through ministerial media releases.

Community Heritage Grant program funding of \$391 230 was announced on 8 November 2006. Details are available on the National Library of Australia website.

Film programs

The Australian Government provides indirect support to filmmakers through tax incentive programs administered by the Department.

In 2006–07, the Department received:

- + 656 provisional applications under Division 10BA of the *Income Tax Assessment Act 1936*. Prior to 8 May 2007, 215 applications were received and 95.3 per cent of these were processed within three weeks of receipt.

- + 145 applications under Division 10B of the Act. Of these 74 were received and processed by 8 May 2007.
- + Four applications for final certification for the Refundable Film Tax Offset under Division 376 of the *Income Tax Assessment Act 1997*. Three applications were assessed within agreed timeframes (within eight weeks of receipt of application). One application, which was received on 31 May 2007, was under assessment at 30 June 2007.

A very high number of applications under Divisions 10B and 10BA were received following the Australian Government's announcement in the 2007–08 Budget that new applications to the 10BA and 10B schemes would not be accepted after 30 June 2007.

In 2006–07, the FLIC Company did not raise any concessional capital under the Film Licensed Investment Company (FLIC) scheme. Following the Review of Australian Government Film Funding Support, the Government decided to discontinue the FLIC scheme in conjunction with the introduction of the new Producer Offset.

Regional Arts Fund

Information about the Regional Arts Fund program can be found under Administered Items.

Art Indemnity Australia

The Art Indemnity Australia (AIA) program is demand driven, and the AIA managing organisations are responsible for developing exhibition proposals to be considered for Commonwealth indemnity. During 2006–07, the managing organisations did not submit any preliminary or final applications for indemnity.

Philanthropy programs

The Department administers two philanthropy programs that encourage private sector support for the arts and cultural sector.

The Register of Cultural Organisations allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of money and, in certain circumstances, property such as real estate, shares and office equipment.

Figure 2.9 Divisions 10B and 10BA tax concessions and Refundable Film Tax Offset applications processed*

	2002–03	2003–04	2004–05	2005–06	2006–07
10BA provisional applications	204	214	351	250	245
10BA final applications	107	95	69	67	54
10B applications	60	63	58	74	108
Offset provisional applications	1	2	1	1	0
Offset final applications	1	5	5	6	3

* A processed application is one that has been received, processed and certified, rejected, withdrawn or lapsed.

The Cultural Gifts Program encourages gifts of culturally significant items to public art galleries, museums, libraries and archives by offering donors tax incentives including a tax deduction for the market value of their gifts and capital gains tax exemption on gifts.

Figures 2.10 and 2.11 show the number and value of gifts over the last five years.

Culture and Recreation Portal

The Department administers the Culture and Recreation Portal, www.culture.gov.au, as an ongoing program. It is part of the Australian Government's e-Government Strategy 2006 and the customer-focused Portals Framework. The Portal provides access to information from more than 3800 Australian websites, including approximately 500 government sites. The portal's search engine is also used by a number of culture websites including the

Australian War Memorial and the National Gallery of Australia.

The website holds more than 150 articles about Australia's history, culture and identity and has links to related online resources. Sites are evaluated by the Department before being linked to the portal. The portal provides online news and events services as well as resources for culture sector professionals interested in digital content and information and communications technology.

As shown in figure 2.12, in 2006–07 visits to the portal totalled 4.7 million, an increase of almost four per cent from 2005–06. At 30 June 2007 the portal listed 3800 websites, with the total number of pages indexed increasing by 26 per cent over the year.

In 2006–07 a review of the website's collections policy was undertaken, and a graphics enhancement was uploaded in May 2007.

Figure 2.10 Register of Cultural Organisations—number and value of donations processed

	2002–03	2003–04	2004–05	2005–06	2006–07
Number of donations	54 440	68 280	69 038	80 804	84 486
Total donations value (\$m)*	27.7	39.5	36.1	41.3	45.3
Average donation value (\$)	508	579	523	512	536

* The value of donations processed for these financial years may increase as further statistical returns are received from registered cultural organisations.

Figure 2.11 Cultural Gifts Program—number and value of donations processed*

	2002–03	2003–04	2004–05	2005–06	2006–07
Number of donations processed	790	508	651	615	596
Total value (\$m)	43.9	24.7	47.2	28.9	33.4
Average donation value (\$)	55 569	48 622	72 503	47 121	56 040

* Donations entered onto the Department's database and assessed by the Committee

Figure 2.12 Culture and Recreation Portal performance indicators

	2004–05	2005–06	2006–07	Change (%)
Visits per annum	3 508 411	4 590 741	4 761 067	+4
Websites listed	3521	3800	3800	zero
Pages indexed	1 847 880	2 244 070	2 835 858	+26

Source: Culture and Recreation Portal

Applications processed within agreed timeframes

In 2006–07, Playing Australia, Festivals Australia, Visions of Australia and the Contemporary Music Touring Program achieved 100 per cent compliance with the Department's *Client Service Charter* requirement that grant payments be made within four weeks of the acceptance of reports, and/or in accordance with relevant schedules or commitments.

The Department's Indigenous arts and culture programs were part of the whole-of-government funding round coordinated by the Department of Families, Community Services and Indigenous Affairs. The Department assessed and managed applications within the whole-of-government timeframe and entered into common funding agreements with recipients of funding.

Under the Foreign Actors Certification Scheme, certificates are issued to confirm that relevant Australian content criteria have been met in relation to film or television productions, wholly or partially produced in Australia, for which producers wish to engage foreign performers. To 30 June 2007, 64 applications were processed. All applications were processed within the agreed timeframe of five working days.

All Register of Cultural Organisations applications were assessed against eligibility criteria in accordance with agreed timeframes and submitted to the Minister for the Arts and Sport and the Assistant Treasurer for their consideration every three to four months, in line with program requirements. During 2006–07, 79 cultural organisations were approved and entered on the Register, bringing the total number of organisations to 1083.

All Cultural Gifts Program valuer and donation applications were processed in line with program requirements and agreed timeframes to ensure their submission to the next Taxation Incentives for the Arts Committee meeting.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the ministers across the range of cultural issues.

Film

A review of Australian Government Film Funding Support was announced in the 2006–07 Federal Budget. An issues paper was released by the former Minister for the Arts and Sport, Senator the Hon Rod Kemp in July 2006. The Review examined the effectiveness of existing programs and other support options and

considered ways to address the low levels of private sector investment through tax incentives. The Review was conducted by the Department in consultation with the Department of the Prime Minister and Cabinet, the Treasury and the Department of Finance and Administration.

Submissions closed on 11 August 2006 and 82 submissions were received. Extensive consultations were held involving the film and television industry, the investment sector, and state governments.

The Department let two consultancies to examine key components of the Review. One consultancy examined the effectiveness of measures used to support film businesses in the United Kingdom, Canada, Germany and Denmark, and some states from the United States. The consultancy examined the balance between direct and indirect support measures, and reported on their relevance and applicability to the Australian context.

The second consultancy sought the views of key players in the Australian investment market on ways of making film businesses a more attractive long-term investment option and examined incentives in other Australian industries that might usefully be applied to the film industry.

After considering the findings of the Review, the Australian Government announced a package of support measures in the 2007–08 Federal Budget entitled *Backing the Australian film industry*.

The Australian Screen Production Incentive, the centrepiece of the first stage, includes three major tax incentives—the Location Offset which commenced on 8 May 2007, the Producer Offset and the Post, Digital and

Visual Effects Production (PDV) Offset, both of which began on 1 July 2007.

The Department worked closely with the Treasury to implement the tax measures. The Department has responsibility for preparing enabling legislation and resolving transitional issues in the lead-up to the merger of the three film agencies—the Australian Film Commission, the Film Finance Corporation Australia Ltd and Film Australia Ltd—from 1 July 2008 (see case study—*Backing the Australian Film Industry* on page 46).

In August 2006 the Department completed the statutory review of the Refundable Film Tax Offset before the 4 September 2006 deadline. The report of the Review, which is available from the Department's website, was tabled in Parliament on 6 December 2006. The report findings informed the broader review of Australian Government Film Funding Support.

The Department has progressed negotiations on the development of new bilateral film co-production agreements with China, Singapore and South Africa. These agreements are expected to come into force in the next 12 to 18 months following finalisation of agreed text and completion of domestic treaty approval processes. The Department has commenced re-negotiation of the existing film co-production agreement with the United Kingdom and this is expected to be finalised before the end of 2007–08. The Department also began considering the merits of entering into film co-production agreements with India and the Republic of Korea. In consultation with other government stakeholders, the Department developed an Australian treaty template to help future co-production negotiations.

Case Study

Backing the Australian film industry

Described by industry as the ‘most fundamental structural and financing shake-up of Australian film for nearly 20 years’¹, the Australian Government’s comprehensive package of measures *Backing the Australian film industry* significantly boosts support for the screen production industry. It will provide more than \$290 million over the next four years and follows the completion of the 2006 Review of Australian Government Film Funding Support.

Backing the Australian film industry has received an overwhelmingly positive response as it addresses many of the difficulties faced by the film industry over the last few years. The benefits of the introduction of a tax offset relating to domestic production as well as enhancing the 12.5 per cent Refundable Film Tax Offset (RFTO) were strongly supported in submissions to the 2006 Review.

The Producer Offset is a new way of delivering support which will let a producer build equity in their Australian drama or documentary, whether for film, television or other media, and offers a significant indirect incentive to investors in productions of wide appeal. This is important for the long-term growth of the Australian production industry. The Location Offset replaces the RFTO and includes enhancements such as an increased offset from 12.5 to 15 per cent. The Australian Government has also introduced a world-first alternative 15 per cent Post Digital and Visual effects production (PDV) Offset for all expenditure on post production, animation and digital and visual effects over \$5 million undertaken for a film or television project in Australia. These enhancements will ensure Australia remains a competitive destination and continues to attract large-budget offshore productions.

A new agency, Screen Australia, will be established from 1 July 2008 to provide a coordinated and strategic one stop shop for film makers. It will take on the functions currently undertaken by the Australian Film Commission, Film Finance Corporation and Film Australia. The Authority will promote Australian films at home and overseas and will take on responsibility for managing the Producer Offset.



Minister Brandis inspecting the major location set for the production of *Australia* at Carlton Hill in the Kimberleys with location supervisor Phillip Roope.

Backing the Australian film industry will ensure audiences benefit from a diverse range of engaging Australian film and television productions. The measures will also equip Australia’s highly talented film and television industry for the challenges ahead, provide potential for growth and encourage greater private investment.

During 2007–08, the Department will continue to work with the Treasury on the development of legislation for the Producer Offset and Location Offset. It will also develop legislation for Screen Australia.

¹ ‘Australian tax shake-up sees 40% rebate’, Screen International, May 11–17, p.7

During 2006–07 the Department continued to support Australian audiovisual sector interests in monitoring trade negotiations relating to both the development of free trade agreements with relevant countries and in the WTO GATS context.

The Department responded to reports of unethical practices in the Indigenous visual arts industry, providing advice to ministers on the challenges facing the sector. This advice informed visits by ministers to remote communities in central Australia and the Kimberley where consultations took place with key sector representatives. Following these consultations, on 15 August 2006 the Australian Government announced a parliamentary inquiry into the Indigenous visual arts sector to examine and make recommendations on strategies and mechanisms to strengthen the sector.

The Senate Environment, Communications, Information Technology and the Arts Committee conducted the inquiry. The Department appeared before the Committee on two occasions, and provided a written submission and further information to the Committee on request. The Committee reported its findings on 20 June 2007 and the Department is coordinating the Australian Government response to its recommendations.

Performing and visual arts

A key recommendation of the Orchestras Review 2005 was that Australia's symphony orchestras be divested from the ABC and established as independent companies. While there have been delays in divestment arising from complex implementation issues, notably the ramifications of moving orchestra employees out of public sector superannuation funds, all orchestras have now been divested from the ABC.

Effective 31 December 2006, all shares in the symphony orchestras are owned by fully independent companies limited by guarantee. The implementation of the Review recommendations has resulted in all the symphony orchestras reporting operating surpluses. The orchestras are now working to implement the workplace and other reforms recommended by the Review.

In 2006 the Department undertook a comprehensive evaluation of the Government's Visual Arts and Craft Strategy (VACS). The VACS provided joint Australian, state and territory government funding of \$39 million over four years to individual artists and arts organisations. The Department's evaluation found that the VACS had been successful in achieving its outcomes, with key results including a:

- + 23 per cent increase in organisations' earned income
- + 98 per cent increase in public programs
- + 125 per cent increase in sponsorship
- + 41 per cent increase in gallery visitor numbers.

These strong results led to the Australian Government allocating \$24.7 million over four years from 2007–08 for the continuation of the VACS.

The Department worked with the Australia Council on a review of the funding model for Australia's major performing arts companies. The review found that the companies had for the most part achieved the improvements to earned revenue, governance and financial management recommended by the 1999 Major Performing Arts Inquiry. The review also revealed areas where companies are coming under increasing pressure in meeting their performance and financial targets. The Review recommended additional funding as well as a number of

changes to the funding model for specific companies. In the 2007–08 Budget the Government committed an additional \$24.1 million over four years to increase the base grants of 20 companies.

The Department continued to work with training organisations to provide advice to ministers on enhancing performing arts training facilities including the relocation of NAISDA, the completion of the National Circus Centre, and NIDA capital works. A consultant was engaged to write a development strategy for the Australian National Academy of Music from 2006 to 2010.

The Department completed a review of the governance aspects of the arts and sport agencies and this is expected to result in legislative changes.

During the year the Department provided advice to the Australian Government in relation to future funding for the collection depreciation expenses of the national collecting institutions, and consulted closely with central agencies to achieve a satisfactory resolution. Interim funding arrangements from 2007–08 were approved by the Prime Minister in March 2007.

The Department also worked closely with the National Gallery of Australia on its proposal for funding a major building enhancement project. The proposal successfully secured funding for the project at a total cost of \$92.9 million. The project will begin in September 2007 and provide a range of benefits including improved entrance and arrival facilities, and increased display space particularly for Indigenous art.

Support for the contemporary visual arts and crafts sector by Artbank

Artbank provides direct support to Australian artists through the acquisition, promotion and rental of artworks by Australian artists and craftspeople. The expanding Artbank collection, valued at \$30.5 million, comprises more than 9600 works in a variety of styles and media by more than 3500 artists. Artworks from the Artbank collection are rented by private, commercial and government clients as well as Australian embassies and high commissions around the world.

Figure 2.13 Advice provided within agreed timeframes

Type of advice	2004–2005		2005–2006		2006–2007	
	Number	% on time	Number	% on time	Number	% on time
Ministerial Correspondence	473	73	336	69	437	69
Briefings						
+ Minutes initiated in DCITA	482	88	586	94	534	96
+ Meeting Briefs	313		360		335	
Question Time Briefs	158	64	185	64	153	82
Parliamentary Questions on Notice	8	12.5	4	75	3	33

In 2006–07 Artbank invested \$657 702 in the primary art market through the purchase of works directly from artists, artist-run initiatives and private galleries. Artbank acquired 206 artworks from 133 artists. Eighty-four of the artists were new to the collection, with 31 identified as Aboriginal and Torres Strait Islander. More than 6700 artworks were on loan throughout the period, an increase of six per cent on the previous year.

In January 2007 a new branding and advertising campaign was launched to promote Artbank's activities. This culminated in the launching of Artbank's redesigned website in late March 2007. The website provides an expanded educational opportunity to both potential clients and the general public through *The Collection* section. These pages feature a changing series of profiles on specific Australian artists and artworks in the Artbank collection.

Artbank's Melbourne showroom has continued to attract an increase in private and commercial clients in Victoria and Tasmania. The number of artworks rented through the Melbourne office has risen to 969, an increase of nearly 34.5 per cent on the previous year.

Artbank's regional touring exhibition, *Artbank: Celebrating 25 Years of Australian Art* has been travelling Australia for the past 12 months. The show presents a diverse array of arts and crafts collected since Artbank's inception in 1980, including paintings, Aboriginal and Torres Strait Islander art, glass, photography and sculpture.

The exhibition has visited Redland Art Gallery, Artspace Mackay and Perc Tucker Regional Gallery in Queensland, Carnegie Gallery in Tasmania, Latrobe Regional Gallery in Victoria and Bathurst Regional Gallery in New South Wales.

Artbank developed a touring exhibition, *Gelam Nguzu Kazi—Dugong My Son*, for the Department of Foreign Affairs and Trade in partnership with The Australian Art Print Network for the Kubin Community Council. It is the first exhibition of limited edition linocuts by the artists of the Mualgau Minaral Artist Collective from Mua Island in the Torres Strait.

The tour started in January 2007 in Port Moresby, and travelled to Noumea, Wellington, Vientiane, Ho Chi Minh City and Hanoi. The exhibition will tour to the Philippines, Thailand, Indonesia and Taipei before touring in China in 2008.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 683 clients liaising with the Department on arts and cultural matters across a range of policy and program activities. Responses showed that 97 per cent were satisfied with the services provided by the Department, a drop of one per cent from 2005–06. Seventy-eight per cent rated the Department's client service as good or excellent, up from 74 per cent in 2005–06.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In regard to achieving access and excellence in Australia's cultural activities, 90 per cent of the 564 clients who responded on this issue were satisfied with the Department's effectiveness. Eighty-seven per cent of the 395 respondents were satisfied with the Department's effectiveness in assisting the development and preservation of cultural collections, a decline of four per cent from the previous year.

The Department consulted with clients and stakeholders during the year on a range of policy initiatives and programs. Examples of consultations are outlined below.

The review of Australian Government Film Funding Support involved consultations with the film industry through an issues paper and submission process. The Department also consulted with other key stakeholders and central agencies. This process identified a wider industry consensus on the measures needed to position the industry for growth which assisted the Australian Government in considering the review's findings.

Following the Australian Government's budget announcement of the screen media package, the Department undertook further consultation with the film and television production industry. This process resulted in a number of enhancements to the package to strengthen its value, flexibility and appropriateness.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on compliance with better practice, corporate governance arrangements and meeting accountability obligations.

The Public Lending Right is a mature program which in 2006–07 made payments totalling \$7.1 million to 8866 eligible creators and publishers. An internal audit of the program identified some risks but also found that there were reasonable controls in place. The audit findings have supported the outcomes of a review of the program's business systems, which are currently being implemented. As a key strength,

the audit found that program staff were very good at liaising with key stakeholders and maintaining good customer satisfaction.

An evaluation of NACIS by the Office of Evaluation and Audit (OEA) in the Department of Finance and Administration under the provisions of the *Aboriginal and Torres Strait Islander Act 2005* began in 2006. The evaluation focuses on program administration as well as the outcomes achieved by the program and its effectiveness in achieving the government's objectives.

Research and analysis activities contribute to policy development

As part of the statutory review of the Refundable Film Tax Offset scheme (RFTO), the Department's Research, Statistics and Technology Branch undertook an econometric analysis of the net cost of the RFTO to the Australian Government, including the additional production attracted to Australia by the RFTO and associated taxation revenue and the cost of administering the scheme including payments made to certified applicants. Review findings were considered as part of the broader Review of Australian Government Film Funding Support.

In relation to the Review of Australian Government Film Funding Support, the Department undertook various analytical tasks, such as statistical and economic modelling, to estimate the impact of possible changes to Australian Government support mechanisms for the film sector.

The Cultural Ministers Council (CMC) Creative Innovation Economy Roundtable gathered information from all member jurisdictions on the opportunities for the Australian and New Zealand creative

sectors in the digital environment, including the technical capability of cultural organisations, administrators and practitioners, for incorporation into a report to the CMC.

The Department commissioned two reports, an evaluation of the Maintenance of Indigenous Languages and Records program, and a review of the national Indigenous languages body, the Federation of Aboriginal and Torres Straits Languages, which contributed to the continuing development of a national Indigenous languages framework.

Effective budget management

The overall price of Output 1.1 was on track in 2006–07, with a slight decrease in revenue from other sources for Old Parliament House and the National Portrait Gallery (see figure 2.14).

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Preservation of and access to Old Parliament House and National Portrait Gallery, and their respective collections

Planning for stage two of the Australian Prime Ministers Centre and the Gallery of Australian Democracy began in 2006–07. These are expected to open in 2009. These initiatives will deliver a comprehensive program of exhibitions, educational programs, research and scholarship initiatives and outreach activities, telling the story of Australia's parliamentary democracy and democratic traditions.

Planning and development of the National Portrait Gallery's new purpose-built building continued, with the Department of Finance and Administration having carriage of construction. The Prime Minister unveiled a plaque on the site of the new building on 9 August 2006 to mark the start of construction which has progressed well. Development of the necessary operational and administrative structure and initial exhibitions, education, visitor services and outreach programs for the new building are well underway. The new building is expected to open in December 2008.

Figure 2.14 Old Parliament House and National Portrait Gallery revenue from other sources

	2002–03 \$'000	2003–04 \$'000	2004–05 \$'000	2005–06 \$'000	2006–07 \$'000
Revenue budget	2443	2174	1456	1636	2875
Old Parliament House and National Portrait Gallery revenue actuals	4066	2410	1781	3560	3224

Collections appropriately developed and managed

The Old Parliament House collection consists primarily of items from the building's original furniture and fittings. The collection value at 30 June 2007 was estimated at \$4.3 million. Old Parliament House continued to develop its political and parliament-related collection, particularly in relation to the development of the Australian Prime Ministers Centre.

The Collections Development Policy was revised to include acquisition of a broader range of material related to Australia's democratic traditions and practices to support the Gallery of Australian Democracy project.

Major 2006–07 additions included:

- + a dispatch box used by Australia's first Prime Minister, Sir Edmund Barton
- + a portrait of Sir Robert Menzies by the artist Sir Ivor Hele
- + a landscape view of Old Parliament House by Sir William Ashton (painted 1927), from the collection of Sir Robert Menzies.

The Collections Management Policy was also revised. A major project undertaken during the year was the conservation of furniture in the House of Representatives and Senate Chambers in anticipation of greater use of the chambers once the Gallery of Australian Democracy is opened.

Significant additions to the National Portrait Gallery collection in 2006–07 included a:

- + gifted portrait of Mr Kym Bonython AC DFC AFC and a portrait of Mr Bonython's speedway cap
- + commissioned double portrait of Sir Charles Court AK KCMG OBE and the Hon Richard Court AC

- + commissioned portrait of General Peter Cosgrove AC MC
- + commissioned portrait of Lowitja O'Donoghue AC OBE
- + gifted work of Emeritus Professor Frank Fenner AC CMG MBE
- + portrait of Sir Alexander Campbell Onslow
- + gifted portrait of Sir Frank Packer KBE
- + gifted portrait of Sir James Gobbo AC CVO QC
- + bronze bust of Faith Bandler
- + gifted portrait of General Sir John Monash GCMG KCB
- + portrait of Her Excellency Marjorie Jackson Nelson AC CVO MBE
- + portrait of L Gordon Darling AC CMG.

During this reporting period the National Portrait Gallery's collection increased through 36 purchases, 46 gifted artworks and four commissioned works.

The National Portrait Gallery loaned seven works of art from the Gallery's collection during 2006–07 including:

- + *Peter Brock* by Julie Edger, to the National Capital Authority for the National Capital Exhibition (Regatta Point: 1 July 2006 – 30 June 2007)
- + two works by Janet Dawson—*Self Portrait* and *Summer 1986*—to the Bathurst Regional Art Gallery for the touring exhibition *Janet Dawson Survey* (30 November 2006 – 2 December 2007. Exhibition itinerary: Bathurst Regional Art Gallery: 30 November 2006 – 28 January 2007; Drill Hall Gallery, Australian National University: 22 February 2007 – 8 April 2007; S H Ervin Gallery: 30 April 2007 – 10 June 2007)

- + *Nick Cave* by Howard Arkley, to the National Gallery of Victoria (NGV) for the exhibition touring exhibition *Howard Arkley: the Retrospective* (17 November 2006 – 16 September 2007. Exhibition itinerary: The Ian Potter Centre NGV, 17 November 2006 – 25 February 2007; Art Gallery of New South Wales, 10 March – 6 May 2007)
- + *Portrait of Captain James Cook RN* by John Webber, to the National Museum of Australia for the exhibition *Cook's Pacific Encounters* (30 June – 10 September 2006)
- + *Martin Sharp* by Garry Shead, to Artspace Mackay for the touring exhibition *Fireworks* (18 March 2005 – 4 February 2007. Exhibition itinerary: Ballarat Fine Art Gallery 7 July – 3 September 2006; Mornington Peninsula Regional Gallery 3 October – 19 November 2006; University Art Museum, University of Queensland 24 November 2006 – 4 February 2007)
- + *Self portrait with gladioli* by George Lambert, to the National Gallery of Australia for the exhibition *George*

Lambert: Retrospective Exhibition (29 June – 16 September 2007).

The cumulative number of items in the National Portrait Gallery collection at 30 June 2007 was 1183 artworks with an assessed value of \$17.16 million (see figure 2.15).

At 30 June 2007 the Department's asset register listed gifts of 46 artworks valued at \$659 619 from 33 donors compared with 84 gifts valued at \$708 934 from 40 donors in 2005–06. Assets are managed in accordance with the Chief Executive's Instructions, including the registration of assets on purchase or gift and an annual stocktake.

Heritage building conserved appropriately and maintained

A new Heritage Management Plan was developed for Old Parliament House to meet obligations under the *Environment Protection and Biodiversity Conservation Act 1999*. The Plan is expected to be implemented by late 2007 following final approval by the Minister for Environment and Water Resources.

Refurbishment projects to extend the life of the building, and conservation

Figure 2.15 National Portrait Gallery—collection number of items and value at 30 June 2007

	Number of items *	Assessed value* (\$m)
2000–01	144 (47 gifts, 97 purchases & commissions)	6.76
2001–02	370 (193 gifts, 177 purchases & commissions)	9.48
2002–03	485 (291 gifts, 194 purchases & commissions)	10.39
2003–04	710 (446 gifts, 264 purchases & commissions)	12.01
2004–05	964 (657 gifts, 307 purchases & commissions)	12.89
2005–06	1097 (741 gifts, 356 purchases & commissions)	14.74
2006–07	1183 (787 gifts, 396 purchases & commissions)	17.16

* This is a cumulative total.

works to preserve its original fabric, continued at Old Parliament House. These activities were undertaken in accordance with the relevant legislation, works codes, standards and policies. A new five-year capital works plan of major refurbishment and restoration projects was developed, taking into account the projects for the Australian Prime Ministers Centre and Gallery of Australian Democracy initiatives.

Major refurbishments that were commenced or completed included the following.

- + Capital works for the development of stage one of the Australian Prime Ministers Centre on the Senate Wing portion of the main floor of OPH.
- + Refurbishment projects to conserve the 1940s portion of the House of Representatives Wing.
- + Planning for the removal of asbestos and refurbishment of the 1960s side of the House of Representatives Wing to facilitate the establishment of the Gallery of Australian Democracy and the second stage of the Australian Prime Ministers Centre.

Other projects for which preliminary planning took place in the year included the installation of a lift at the rear of the building, conservation of the Old Kitchen area and minor works in the Senate Wing

to accommodate tenants. These projects will proceed to the construction phase in 2007–08.

Major conservation initiatives included:

- + commencement of conservation of the House of Representatives and Senate Chambers, including implementation of the Human Impact Management program
- + completion of an Integrated Pest Management Plan.

Growing visitor/audience reach and visitor satisfaction for Old Parliament House and the National Portrait Gallery, both in Canberra and nationally

Total combined visitors for the main Old Parliament House site and Commonwealth Place (excluding café, function and restaurant visitors) were 203 965 compared with 220 293 in 2005–06 (see figure 2.17). This decrease is attributable to the very strong program in 2005–06 which included the very popular *Mrs Prime Minister, My Melancholy Duty* and *KYLIE* exhibitions. There was a four per cent fall in Old Parliament House and National Portrait Gallery visits at the main Old Parliament House site and a 24 per cent decrease at the National

Figure 2.16 Building conservation and refurbishment—expenditure

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Total expenditure on relevant capital works	\$1.605m	\$2.991m	\$4.428m	\$3.629m	\$2.746m	\$2.874m
Total expenditure on relevant conservation works, including collection conservation	\$43 765	\$163 400	\$135 475	\$140 358	\$129 287	\$168 972

Portrait Gallery's Commonwealth Place site—an overall 7.5 per cent decrease in museum and exhibition patronage. However, this was offset by an increase of one per cent in patronage of the café, restaurant and functions facilities, resulting in only a 3.5 per cent overall decrease in visitations.

School student numbers have been on the rise, growing by 26 per cent over 2005–06 figures.

Strong patronage of café, restaurant and functions services was maintained during 2006–07 with 45 994 attending functions, 132 585 dining in the café and 10 768 visitors to the Ginger Room (see figure 2.18).

Exhibitions

Old Parliament House exhibitions in 2006–07 included:

- + *Mrs Prime Minister—Public Image, Private Lives* (24 February – 27 August 2006), which examined the public and private lives of the women who have been the spouses of Australian Prime Ministers. *Mrs Prime Minister* was particularly notable in that its overall attendance of 68 743 and daily record average of 369 was a new record for an Old Parliament House exhibition
- + *Alfred Deakin—the Voice of Federation* (28 June – 24 October 2006)

Figure 2.17 Visitors to Old Parliament House and National Portrait Gallery

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Main Old Parliament House/National Portrait Gallery site	171 582	161 213	147 140	178 643	181 589	174 642
National Portrait Gallery Commonwealth Place		28 444 (Nov–June)	33 564	43 852	38 704	29 323
Total visitors	171 582	189 657	180 704	222 495	220 293	203 965

Figure 2.18 Functions, café and restaurant patrons

	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07
Café patrons	62 319	60 960	85 168	129 208	137 630	132 585
Function patrons	36 807	30 837	34 590	36 167	40 178	45 994
Ginger Room patrons			2 206 (March–June)	8 791	9 657	10 768
Total patrons	99 126	91 797	121 964	174 166	187 465	189 347

Case Study

Mrs Prime Minister attracts record visitor numbers to Old Parliament House

The major exhibition in 2006 for Old Parliament House was *Mrs Prime Minister*, which ran from 24 February to 27 August. The exhibition, curated by Old Parliament House staff, showcased the public and private lives of the 24 women who have been spouses of Australian Prime Ministers.

Designed around six core themes, the exhibition explored the many roles played by Prime Ministers' wives including those of social advocate, political partner, national hostess and media personality. The exhibition also investigated how, over time, individual women have changed the role of Prime Ministerial wife, and revealed the history of the Lodge. The exhibition featured more than 150 objects sourced from some 30 separate donors.

Mrs Prime Minister was launched by Mrs Janette Howard on 27 February 2006 with Margaret Whitlam, Lady McMahon and Sue Peters Hawke (daughter of Hazel Hawke) in attendance, along with members of the Menzies, Lyons, Holt and Gorton families.

Prime Minister's wives and families helped bring the exhibition to life by supplying personal objects and information, and some participating in the calendar of events and public programs that accompanied the exhibition. Events included lunchtime public talks by Tamie Fraser and Dame Pattie Menzies' daughter Heather Henderson. Associated programs included a *Seek & Find* activity for children and a *Mrs PM—Dress to Impress* room where visitors could try on replicas of dresses featured in the exhibition.

The exhibition and its accompanying programs and events were extremely successful, attracting large visitor numbers and generating extensive newspaper and television coverage.

A national profile was provided by a February 2006 cover story in the *Weekend Australian* magazine which focused on Mrs Howard and the surviving Prime Ministerial wives. Overall attendance was 68 743, a new record, making it the most successful exhibition to date.

The exhibition also worked to strengthen important stakeholder relationships between Old Parliament House and Prime Ministers' wives and their families.



Mrs Janette Howard, Lady Sonia McMahon and Mrs Margaret Whitlam at the opening of the *Mrs Prime Minister* exhibition at Old Parliament House. Photo courtesy of the Canberra Times.

- + *Destination Australia: Ports of Immigration* (14 September 2006 – 4 February 2007), an exhibition of migrant stories and experiences developed by the Immigration Museum, Melbourne
- + *In the line of duty: Policing Australia* (26 August 2006 – 21 May 2007), which looked at the role of policing in Australian life from 1788–2001 (59 000 visitors)
- + *Home Island, Home Country* (20 October 2006 – 21 January 2007), a show of children's art from the Torres Strait
- + *Campaign—Federal Elections* (15 February 2007 – 25 April 2007), a photographic exhibition of federal election campaigns
- + *Scarred and Strengthened: Australians in the Great Depression* (opened 17 May 2007), Old Parliament House's major in-house curated exhibition for 2007 covers the political, economic and social aspects of the depression
- + *Reconciliation: It's All About Us* (opened 27 May 2007), presented by Reconciliation Australia and sponsored by the National Australia Bank.
- + *Rennie Ellis: Aussies All* (Commonwealth Place. 21 April – 27 August 2006)
- + *Portraits for Posterity* (7 April – 9 July 2006) seen by 50 355 visitors
- + *Karin Catt: Famous* (21 July – 12 November 2006), seen by 57 429 visitors. This exhibition toured to the Newcastle Region Art Gallery, 25 November 2006 – 21 January 2007
- + *Flash: Australian Athletes in Focus* (21 July – 12 November 2006) displayed in the Senate Gallery after initially being exhibited in Melbourne and seen by some 57 500 visitors
- + *Headspace: Me and My Place* (9 September – 19 November 2006)
- + *Sam Haskins Portraits & Other Stories* (8 December – 29 April 2007)
- + *Truth and Likeness* (24 November 2006 – 9 April 2007) investigated the importance of likeness to contemporary portraits and was seen by 65 219 visitors
- + *George Foxhill: Self Portraits* (25 November 2006 – 8 April 2007) seen by some 65 000 visitors.

Gallery exhibitions were enhanced by catalogues, gallery talks and adult and children's workshops, its student program and special events for the Gallery's Circle of Friends. Membership of the Circle of Friends reached 1221, up from 915 in the previous year.

Interpretation

Interpretive work at Old Parliament House during 2006–07 focused on preparation for forthcoming major projects, particularly the Australian Prime Ministers Centre and Gallery of Australian Democracy. A review of the presentation of the Prime Minister's Office Suite was undertaken to align

The exhibitions were accompanied by programs and activities aimed at attracting new and return visitors.

Highlight events for the year included major exhibition launches and a week of special events to celebrate the 80th anniversary of the opening of Old Parliament House in 1927.

National Portrait Gallery exhibitions in 2006–07 included:

- + *Australian Visit* (Frederiksborgmuseet, Denmark, 7 April – 31 July 2006) the Gallery's first international touring exhibition

its interpretation with the exhibition component of the Australian Prime Ministers Centre. A review of the Main Floor of Old Parliament House was also carried out to prepare for changes to interpretation being generated by the Gallery of Australian Democracy.

The newly interpreted House of Representatives Press Galleries, opened to the general public in June 2006, received good levels of visitation and positive responses throughout 2006–07.

Education

Old Parliament House was visited by 56 864 school students in 2006–07, 11 752 more than the previous year. This increase can be partially attributed to the new Parliament and Civics Education Rebate (PACER) initiative. This measure, introduced from 1 July 2006 for three years, allows schools wishing to offset the cost of students' travel to the national capital to claim a rebate if they visit three major attractions, including Old Parliament House.

Old Parliament House developed a number of new education programs and resources in 2006–07. These included:

- + *Australian Democracy Alive*, an interactive education program for upper primary students which focuses on the objects, people and stories of Old Parliament House
- + A new education resource kit developed in response to requests from teachers, parents and students for information on the history of the House and the people in it. Produced in a fact sheet format with each page covering one topic, it is also available on the Old Parliament House website.

All students participate in a staff-facilitated program which complements state and national curriculum needs. Using the backdrop of the heritage

spaces, students role-play and explore the events, issues and people who have shaped Australia's political history.

In 2006–07 research was undertaken with teachers across Australia to assess expectations and needs in relation to the Gallery of Australian Democracy. The research also highlighted the positive response to existing programs and gave Old Parliament House clear priorities for future programs.

The National Portrait Gallery also operated a strong student education program including gallery talks and workshops with 11 609 primary, secondary and tertiary students participating in Gallery education programs. This compares favourably with 12 038 students in 2005–06 and 11 386 in 2004–05. The numbers of participants reflects the specialised nature of the programs offered by the National Portrait Gallery which include guided tours and hands-on activities. The National Portrait Gallery's education programs are expected to expand substantially in the new building when additional resources will be available.

Websites and online activity

Old Parliament House and the National Portrait Gallery have continued to maintain and update their websites. Visitation levels are at figures 2.19 and 2.20.

A redesign of the Old Parliament House website and a new online events calendar were implemented during the year. During the year Old Parliament House also began a strategic planning process for its online program. This will ultimately enhance the website by integrating digitised collections material, exhibition and public programs content. Over the past few years Old Parliament House has seen a significant increase in online

Figure 2.19 Old Parliament House—website statistics

	2002–03	2003–04	2004–05	2005–06	2006–07
Total visits	57 939	69 719	183 028	354 343	179 240
Change from previous year	Not available	+20%	+162%	+96%	-49%

Figure 2.20 National Portrait Gallery—website statistics

	2002–03	2003–04	2004–05	2005–06	2006–07
Total visits	50 000 approx	62 270	179 877	527 199	703 578
Change from previous year	Not available	+25%	+165%	+192%	+33.5%

visitation driven by exhibition-related and schools content. A reduction in new content on the web has reduced visitation in 2006–07 however this is expected to increase following the development of major online initiatives linked to the Gallery of Australian Democracy.

The National Portrait Gallery website was refurbished with developments in search functionality, the portrait archive and a media room. The successful project to enhance the content and functionality of the website resulted in the total amount of data sent to visitors to the site increasing dramatically from 4GB to 13.4GB per month over the course of 2006–07.

Media coverage

Old Parliament House and National Portrait Gallery exhibitions and activities continued to attract substantial positive media coverage. Old Parliament House generated 221 newspaper stories, 33 radio stories and 17 television stories in local and national media. The National Portrait Gallery generated 253 editorial articles, 17 television stories and wide

coverage through radio in local and national media, as well as *The Times* (London) and the BBC TV website. The Gallery published four editions of its award-winning *Portrait* magazine covering aspects of the Gallery's exhibitions, recent acquisitions and education programs.

Visitor and audience satisfaction

Old Parliament House did not carry out any formal audience satisfaction surveys during 2006–07 as a multi-faceted evaluation project is planned for 2007–08 as part of the Gallery of Australian Democracy initiatives. However visitor numbers in the year remained strong.

Awards

Old Parliament House received two highly commended awards from the Museums Australia Publication Design Awards 2007 under the multimedia category for the animated television advertisements for the *Mrs Prime Minister* exhibition and *Press Gallery* interpretation.

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

Outcome 2

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Outcome 2

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

Overview

What we do

The Department's role is to:

- + provide overarching policy advice to the Australian Government, especially on anti-doping, sport industry development and Indigenous sport and recreation
- + support the Australian Sports Commission and the Australian Sports Anti-Doping Authority
- + manage programs to encourage new anti-doping research, water and alpine safety, and participation in sport and recreation activities by Indigenous Australians
- + oversee funding for sporting infrastructure projects
- + oversee financial and other support for major sporting events.

What this chapter covers

This chapter reports on sport sector programs and outputs that the Department was funded to deliver in 2006–07 (see figure 2.21 for details). This chapter:

- + sets out the Department's annual financial and other targets, as published in the 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES)
- + reports the Department's results in 2006–07, comparing them with previous years' results
- + discusses factors that may be affecting or are likely to affect the results
- + summarises progress against the indicators nominated for each output and program.

Resources for Outcome 2

Figure 2.21

	(1) Budget 2006–07* \$'000	(2) Actual 2006–07 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2007–08** \$'000
Administered expenses				
(including third party outputs)	57 709	32 336	-25 373	71 302
Total administered expenses	57 709	32 336	-25 373	71 302
Price of departmental outputs				
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	5 904	5 797	-107	6 731
Revenue from Government (Appropriation) for departmental outputs	5 904	5 797	-107	6 731
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	495	493	-2	500
Revenue from other sources	495	493	-2	500
Total price of outputs	6 399	6 290	-109	7 231
TOTAL FOR OUTCOME 2	64 108	38 626	-25 482	78 533
(Total price of outputs and administered expenses)				
			2006–07	2007–08
Average staffing level			42	48

* Budget estimates as at 2006–07 Portfolio Supplementary Additional Estimates Statement.

** Budget estimates are as at 2007–08 Portfolio Budget Statements.

Performance information index

Figure 2.22

	PBS page reference	Annual Report reference
Outcome 2		
Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	45	65
Administered items		
Water and Alpine Safety	45	67
Sport and Recreation Program (Anti-Doping)	45	67
Australian Government financial support for the development of sporting facilities	45	70
Indigenous Sport and Recreation Program	45	70
Departmental items		
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	45	73

Outcomes

The Australian sports sector is strong, reflecting the community's interest in elite performance by Australian athletes and in participating in sport as a healthy and enjoyable activity. Across the country, sport is generally administered on a 'sport runs sport' basis, with financial and other support being provided by governments at all levels.

The Australian Government's sport policy, *Building Australian Communities Through Sport*, reflects the Australian Government's commitment to:

- + building healthy and active communities through sport
- + encouraging greater numbers of Australians, particularly young people, to participate in community sport
- + ensuring Australian athletes have the benefit of a national sporting system that enables them to continue to perform successfully in international competition
- + ensuring Australia remains tough on drugs in sport
- + fostering excellence in sports management.

The Department provided advice on a diverse range of sports-related policy issues in 2006–07. These included domestic and international anti-doping initiatives, Indigenous sport and recreation, sport participation, high performance sport and sport industry development issues.

Australia continued to play a leading role in global efforts to combat doping in sport throughout 2006–07. The World Anti-Doping Agency convened two symposiums during the year and invited the Department to attend each and present our anti-doping body, the Australian Sports Anti-Doping Authority,

as a model for consideration by other countries.

In its *Play True* (issue 1 of 2007) publication, the World Anti-Doping Agency reported that 'Australia has... developed a revolutionary model that solidifies cooperation between the anti-doping authority and other government agencies... there is great interest in this new approach to the fight against doping and preliminary reports are promising'.

The Australian Government played a key role in the development of the UNESCO International Convention against Doping in Sport which came into force on 1 February 2007 and by 30 June 2007 had been ratified by 56 countries.

Through its support to the Australian Sports Anti-Doping Authority in 2006–07, the Department contributed to Australia's anti-doping framework and built public trust and confidence in Australia as a world leader in the fight against drugs and doping cheats in sport. In particular, assistance with legislative refinements and support for implementing new functions contributed to this achievement.

The Australian Government provided a further \$2.24 million to the Australian Sports Anti-Doping Authority to help it respond to its increased investigatory workload which arose from its new responsibilities.

During 2006–07 the Department revised Indigenous Sport and Recreation Program information and guidelines to make the program more accessible to Indigenous communities. The development of a multi-year memorandum of understanding between the Department and the Australian Sports Commission to deliver the Indigenous Sport Program will ensure greater stability and continuity of these important services to Indigenous communities.

The Department supports the Australian Sports Commission to deliver a national sporting system in which Australian athletes continue to perform successfully in international competition. This success generates national pride and encourages Australians to become involved in sport.

In 2006–07 the Department worked with the Australian Sports Commission to achieve greater participation in sport and physical activity to improve the overall health of the population and build strong local communities. For example, it is estimated that 88 per cent of children participating in the Active After-school Communities Program in the 2006 school year were from the target group of less active children. The Australian Government announced in the 2007–08 Budget that this very successful program would be extended to the end of the 2010 school year.

The Exercise, Recreation and Sport Survey is a joint Australian Government and state government initiative. The survey is conducted annually to collect data on the frequency, nature and type of activities undertaken by people aged 15 years and over for exercise, recreation and sport during the year before interview.

The Participation in Exercise, Recreation and Sport Survey 2006 Annual Report indicated that an estimated 10.9 million persons aged 15 years and over participated at least once per week in physical activity for exercise, recreation and sport (not including household or garden chores, or activities that were part of work), a participation rate of 66 per cent. This participation rate is lower than the 69 per cent reported in 2005, but higher than the 2001 rate of 62 per cent.

The participation rate dropped with higher frequency of involvement. An estimated 7.1 million persons aged 15 years and over exercised three or more times per week (42.8 per cent). This remains relatively steady compared with 44 per cent in 2005 and has increased from 37 per cent in 2001. A total of 5.6 million persons (34 per cent) either did not participate in any activity, or participated less than once per week.

The proportion of Australians participating in physical activity at least once per week who undertook such activity as part of sport organised by a club, association, fitness centre or other type of organisation fell from 41.8 per cent in 2005 to 38.3 per cent in 2006.

Administered items

Water and Alpine safety

Key initiatives undertaken

The Australian Government supports the four national recreation safety organisations, Surf Life Saving Society Australia, the Royal Life Saving Society Australia, AUSTRALSWIM and the Australian Ski Patrol Association, through the National Recreation Safety Program (water and alpine safety). Funding was provided in 2006–07 to deliver water and alpine safety programs and a number of high-priority projects (see figure 2.23). Through this support these organisations were able to reduce the number of aquatic and skiing accidents and deaths in Australia. The most recent

National Drowning Report reported that the drowning rate has decreased eight per cent from the five year average.

In addition, a one-off grant for the *Kids Alive Do the Five!* initiative developed an effective education module about water safety to help reduce the number of drownings especially for children under the age of five.

Sport and Recreation (Anti-Doping) Program

The Department administers the Sport and Recreation (Anti-Doping) Program which provides funding for Australia's international anti-doping commitments and for new anti-doping research through the Anti-Doping Research Program.

Figure 2.23 Water and alpine safety—high-priority project funding

Projects
Surf Life Saving Society Australia (\$460 000)
Primary School Education Resource
SurfGuard Information Technology Development
Australian Coastal Public Safety Best Practice Guidelines
Community Education, Lifeguard and Risk Management Services Business Development
Royal Life Saving Society Australia (RLSSA) (\$460 000)
Remote Indigenous Pools Project
Continued Expansion of RLSSA Web and Training Resource Development Strategy
Aquatic Industry Engagement and Consultation Project
Everyone Can Be a Lifesaver—Community Lifesaving Project
Austswim (\$50 000)
Online Professional Development
Australian Ski Patrol Association (\$30 000)
Snow Safety Publications

Case Study

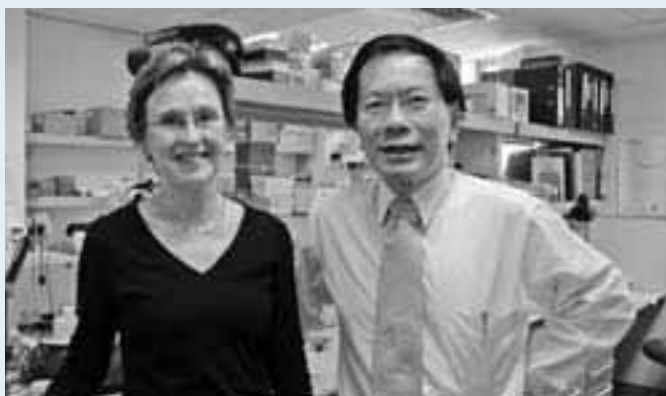
Support for research into human growth hormone doping

Australia is a world leader in the fight against drugs in sport. Encouraging new research into anti-doping through the Anti-Doping Research Program is one way in which the Australian Government is helping to eliminate doping in sport.

In June 2007 the Garvan Institute of Medical Research announced the results of a four-year collaborative research project into the effects and detection of human growth hormone doping. This research was jointly funded by the Australian Government through its Anti-Doping Research Program and by the World Anti-Doping Agency. The Garvan Institute led a consortium of Australian and Japanese researchers with Professor Ken Ho of the Garvan Institute as the principal investigator.

This research has taken the international sporting community one step closer to stamping out drug cheats. It was the first large-scale scientific study to look at the effects of human growth hormone on muscle mass and physical performance in athletes. The results show that human growth hormone does not increase muscle mass or improve endurance, strength or power performance, as it puts on more fluid than muscle. However, when taken with testosterone, human growth hormone does have an effect, increasing muscle mass and sprint power performance.

The research also evaluated promising new tests for human growth hormone. It found that athletes who cheat by using both growth hormone and testosterone are even more likely to be caught. These new tests can also detect sports dopers for weeks after they stop taking drugs. This has major implications for detecting human growth hormone abuse during no advance notice out-of-competition drug testing. These tests will complement and enhance existing tests.



Dr Anne Nelson and Professor Ken Ho of the Garvan Institute of Medical Research.

Contribution to international initiatives

The administration costs of the World Anti-Doping Agency are shared equally between governments and sport. Through an annual contribution, Australia supports the agency and the work it does to achieve harmonisation of the global anti-doping effort, including in the areas of education, research and the development of anti-doping programs. Australia's 2006 financial commitment to the World Anti-Doping Agency of \$320 046 was paid on time in December 2006.

Under the UNESCO International Convention against Doping in Sport, a voluntary fund has been established to help implement effective anti-doping programs, particularly in developing countries. Australia contributed \$50 000 to this fund in June 2007 to underpin its commitment to the development and implementation of robust anti-doping policies in those countries.

By administering these contributions, the Department helped to promote international cooperation on anti-doping in sport and ensure that Australia maintained a prominent role in the fight against doping in sport.

High-quality research

During 2006–07 the Department provided funding to academic and scientific organisations to undertake new anti-doping research. Six new projects were funded through the Anti-Doping Research Program (see figure 2.24 for details of the projects supported). This research will ultimately lead to increased detection of banned substances and doping agents and improved deterrence strategies. The case study on page 68 highlights the benefits of the Anti-Doping Research Program in supporting Australia's anti-doping regime.

Figure 2.24 Sport and Recreation (Anti-Doping) program—high-quality research

Priority research areas	Research details	2006–07 funding
Novel biotechnologies applied to sports doping control	+ Advanced steroid profiling for doping control	\$67 900
	+ Distinguishing between isoforms of human Chorionic Gonadotropin (hCG) in athletes	\$145 000
	+ The synthesis and certification of five reference materials for sports doping analysis	\$66 600
Methods to detect use of insulin	+ A generic method for the detection of insulin abuse in sports	\$123 000
Gene doping	+ Evaluation of approach for direct detection of gene doping using erythropoietin as a model system	\$80 750
Blood doping	+ Does exercise in hot environmental conditions impair detection of Erythropoietin (EPO) doping	\$127 358

During 2006–07 the Anti-Doping Research program was reviewed and the funding parameters changed so that it could better target research to meet the needs of anti-doping organisations and laboratories, and foster innovative research in the anti-doping field. The 2006–07 funding rounds incorporated program improvements to improve the application process and expand the scope of the research proposals received. In addition, the guidelines for the social science round outlined four specific projects consistent with agreed social science priorities. These initiatives resulted in a broader range and higher quality of applications for 2006–07 funding rounds.

Australian Government financial support for the development of sporting facilities

High-quality administration of financial assistance

During 2006–07 the Department helped develop a stronger sports sector and provided opportunities for Australians to participate in sport and recreation activities, by administering funding to state and local government authorities and national and community sporting and recreational groups for facility upgrades and improvements.

In addition to implementing projects previously committed to by the Australian Government, in May 2007, the Australian Government announced the following one-off grants for the development of sporting facilities:

- + \$10 million to the Melbourne Cricket Club for stage two of the National Sports Museum

- + \$700 000 to Lithgow City Council to construct an integrated sports and aquatic centre
- + \$200 000 to Bathurst Regional Council to install lighting on two football fields
- + \$5000 to Springwood District Athletics Club to redevelop a local sporting field.

Indigenous Sport and Recreation Program

High-quality program funding and grant administration

Sport and physical recreation is an important feature of community life and plays a central role in improving the health and physical wellbeing of Indigenous Australians. In 2006–07 the Department supported community-based activities that allowed more Indigenous Australians to participate in sport and physical recreation activities.

There continued to be strong demand from Indigenous community organisations for funding to support locally based sport and recreation projects, including camps, carnivals and local projects, and to develop skills to manage sport and recreation facilities. The case study on the following page demonstrates how such funding encourages physical activity and leads to positive health and education outcomes.

The Department contributed to 17 agreements with Indigenous communities under which funding was provided to address identified community needs. This included funding for sport and recreation opportunities in exchange for commitments from the communities to meet specified obligations.

Case Study

Support for the AFL Kickstart program

The AFL Kickstart program was developed in 1997 by the Australian Football League (AFL) to use Australian football to promote healthy lifestyles in remote communities.

In 2006–07, the AFL Cape York received funds through the Indigenous Sport and Recreation Program to contribute to the running of the AFL Kickstart program in Cape York, surrounding remote communities and in the Cairns district. This project reached approximately 6000 participants in these localities.

Indigenous communities provide full community support for the program. Program participation is tied to school attendance and avoiding any involvement in anti-social behaviour. The program actively encourages the involvement of each Indigenous community to promote positive role models and improved health and education outcomes.

With the assistance of Indigenous Sport and Recreation Program funding, AFL Cape York has been able to develop an extensive sporting pathway for boys and girls from the ages of five to 18 years. This pathway progresses from an introduction to AFL through the National Auskick Program, further skills development through community camps, and on to potential selection in representative teams which compete at Queensland country, state and national carnivals and championships.

The educational and sporting opportunities are enhanced through scholarships offered by AFL Cape York under the Kickstart program. These scholarships



The Under 12 Crusaders who competed at the Queensland State Primary School Championships.

target children who have demonstrated a positive attitude in all areas of the program, as well as having sporting potential. Over the past six years more than 20 individuals from Cape York, Gulf Savannah and Torres Strait have benefited from the scholarship program with excellent outcomes.

AFL Cape York exemplifies a holistic approach to community development and support for the youth of the communities for which it services.

There was improved coordination in the promotion of physical activity and more opportunities for Indigenous Australians to compete in elite sport competition through the Indigenous Sport and Recreation Program. Funding of \$2.33 million was provided to the Australian Sports Commission to support:

- + a national network of 28 Indigenous sport development officers to work with Indigenous communities and relevant government agencies to promote sport and physical recreation activity at the regional and local level (\$1.73 million)
- + 655 Indigenous sportspeople to attend national and international sporting competitions by providing travel and accommodation assistance under the Elite Indigenous Travel and Accommodation Assistance Program (\$0.6 million).

While the number of sportspeople receiving support through the Elite Indigenous Travel and Accommodation Assistance Program fell 20 per cent in 2006–07 from the previous year, the level of support in 2005–06 was high due to the number of key quadrennial events held in the year.

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

High quality program administration

The Department administered funding under the National Recreation Safety Program during 2006–07 which included:

- + \$4.12 million to the four national recreation safety organisations to support their administration and help deliver water and snow safety programs
- + a further \$1 million to national recreation safety organisations for 10 high-priority projects
- + \$450 000 to Surf Life Saving Society Australia as part of the Australian Government's four-year, \$1.5 million commitment to support a range of activities to celebrate the centenary year of surf lifesaving in Australia in 2007
- + \$330 000 for the *Kids Alive Do the Five!* initiative.

All organisations receiving funding met the required performance indicators and payments were acquitted within the specified timeframes. During 2006–07 the Department also implemented program administration improvements to streamline the grant process.

Payments totalling \$610 608 were made to six Anti-Doping Research Program grant recipients during 2006–07, compared with \$523 722 to funding recipients in 2005–06.

The Department convened one meeting of the Anti-Doping Research Panel and administered grants provided under the Anti-Doping Research Program in 2004–05 and 2005–06.

A number of grant recipients did not meet project report timeframes in 2006–07 and administrative improvements have been made so that we receive earlier advice of possible delays in meeting project milestones.

In 2006–07, the Department made further payments of \$8.5 million towards existing sport and recreation facility commitments including:

- + \$4.75 million for the redevelopment of Whitten Oval in Melbourne
- + \$2.9 million for the redevelopment of Kogarah Oval in Sydney
- + \$666 667 for the redevelopment of Kardinia Park in Geelong
- + \$140 000 for two community sport and recreation facilities in Tasmania.

The Department continued to manage 18 projects that were funded in 2004–05 and 2005–06 and acquitted a further 11 sport and recreation facility commitments. It also negotiated and finalised funding agreements for four new projects announced by the Australian Government in May 2007.

In 2006–07, funding of \$12.16 million was approved under the Indigenous Sport and Recreation Program to support the annual funding round for the program, shared responsibility and regional partnership agreements and the Australian Sports Commission's Indigenous Sport Program.

The 2006–07 funding round was highly competitive and 320 applications for Indigenous community sport and recreation projects were received. Of these, 148 community-based sport and physical recreation projects were approved in total worth \$9.29 million. Seven of these projects did not proceed. Grant recipients were required to report on the performance of projects by 30 September 2007.

In 2006–07, 16 Shared Responsibility Agreements for arrangements between Indigenous communities, governments and other partners and one regional partnership agreement tailoring government interventions across a region were approved totalling \$563 852. The value of these agreements was almost \$400 000 higher than in 2005–06. Of these, 14 agreements were implemented in 2006–07.

Funding of \$2.33 million was provided to the Australian Sports Commission to deliver the Indigenous Sport Program under a multi-year memorandum of understanding.

During the second half of 2006–07, 242 applications were received and assessed for funding under the 2007–08 Indigenous Sport and Recreation Program annual funding round. In June 2007 the Minister for the Arts and Sport, Senator the Hon George Brandis SC, approved funding for 134 projects totalling \$9.41 million.

The Department administered Australian Government financial support of \$650 000 for the 2007 World Police and Fire Games held in Adelaide in March 2007. This support contributed to the success of the games and was primarily used to support the games volunteer program. All required performance indicators were met and payments were made on time.

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the Minister across the range of sport issues.

Figure 2.25 shows the type of advice provided to ministers within agreed timeframes over the period 2004–05 to 2006–07. It indicates that the number of minutes, meeting briefs and Question Time Briefs prepared on sport issues fell significantly in 2006–07 compared to the previous year. The timeliness with which this information was prepared was similar to that achieved in 2005–06 and higher than the level of compliance in 2004–05.

The level of sport-related ministerial correspondence handled by the Department this financial year fell significantly from the level recorded in 2005–06 to be on a par with that of 2004–05. There was a reduction in the compliance rate and processes have been implemented to ensure that this issue is addressed.

In 2006–07 the Department contributed to the Australian Government's consideration of a range of sport-related issues, including:

- + the extension of the Australian Government's Active After-school Communities Program for a further three school years from 2008 as announced in the 2007–08 Budget
- + discussions on illicit drugs in sport
- + statutory appointments to the Australian Sports Commission, Australian Sports Foundation, Australian Sports Anti-Doping Authority and the Australian Sports Drug Medical Advisory Committee.

The Department supported the participation of the Minister for Communications, Information Technology

and the Arts, Senator the Hon Helen Coonan, and the Minister for the Arts and Sport, Senator the Hon George Brandis SC, on the Healthy Living Ministerial Taskforce. The taskforce provides policy advice to the Australian Government ensuring a whole-of-government approach to addressing obesity.

The Department also coordinated the Australian Government's involvement in the Sport and Recreation Ministers Council and the Standing Committee on Recreation and Sport.

In 2006–07 the Department began a review of the *Australian Sports Commission Act 1989*. The review is assessing the effectiveness of the Act in enabling the Australian Sports Commission to facilitate the development of sport, both in relation to improving the performance of elite athletes and in encouraging greater participation at a community level.

The Department initiated a public consultation process on 5 May 2007 with a national call for submissions from the public and the release of an issues paper

to help interested parties to prepare their submissions. The Department also notified national sporting organisations of the review. The review is expected to be finalised in 2007–08.

Following a six month inquiry, the Senate Environment, Communications, Information Technology and the Arts References Committee presented a report, *About Time! Women in sport and recreation in Australia*, to the Senate on 6 September 2006. The Department prepared a draft response, in consultation with other agencies, for consideration by the Australian Government.

The Department began a review of the progress of the sport and leisure industry strategic national plan, *Game Plan 2006* in 2006–07. Following an open tender process, Deloitte was selected to undertake the consultancy for the review, with the Department, Austrade and the Department of Industry, Tourism and Resources overseeing the project. Deloitte presented its report in April 2007. The Department is consulting with key stakeholders, including the sport

Figure 2.25 Advice provided within agreed timeframes

Type of advice	2004–05 (end of year)		2005–06 (end of year)		2006–07 (end of year)	
	Number	% on time	Number	% on time	Number	% on time
Ministerial Correspondence	122	78	185	79	128	68
Briefings						
+ Minutes initiated in DCITA	218		233		152	
+ Meeting Briefs	70	72	149	90	62	88
Question Time Briefs	69	58	81	69	49	72
Parliamentary Questions on Notice	4	25	3	33	2	50

and leisure industry, on the outcomes of the review.

During 2006–07 the Department, together with IP Australia, instigated an evaluation of the effectiveness of the legislation put in place to protect indicia and images associated with the 2000 Sydney Olympic Games and the 2006 Melbourne Commonwealth Games. Frontier Economics was contracted to conduct the review, assisted by the Intellectual Property Research Institute of Australia.

Highly effective contribution to, and coordination of, international anti-doping initiatives

The World Anti-Doping Code provides the framework for harmonised anti-doping policies, rules, and regulations within sporting organisations and among public authorities. The Department helped develop the Australian Government position on revisions to the code as part of the World Anti-Doping Agency review process. The code review is a major international exercise enabling the world's sporting movement to review and enhance the collective fight against drugs in sport.

The Department, in conjunction with the Australian Anti-Doping Sports Authority, organised three stakeholder forums in 2006–07 to discuss proposed revisions to the World Anti-Doping Code.

The Department also hosted two forums to inform Australian stakeholders about the code review process. These forums were addressed by Mr David Howman, Director-General of the World Anti-Doping Agency. His attendance provided an opportunity for Australian stakeholders to raise issues arising from

the code review directly with the World Anti-Doping Agency.

The code review process will culminate at the Third World Conference in Sport, to be held in Madrid in November 2007, with the presentation of the revised code for approval. Draft versions of the revised code state that amendments are to be implemented by signatories before 31 December 2008.

The Australian Government formally accepts the World Anti-Doping Code through the UNESCO International Convention against Doping in Sport which came into force on 1 February 2007. The Department represented the Australian Government at the first Conference of Parties, held in Paris from 5 to 7 February 2007. The Conference of Parties agreed to a number of initiatives to promote the convention, monitor compliance by signatories and assist less developed nations to develop anti-doping measures.

The Department coordinated the technical expertise and resources of the Australian Sports Anti-Doping Authority and Australian Sports Commission to assist the Minister for the Arts and Sport, Senator the Hon George Brandis SC, to develop the Australian Government's position on the World Anti-Doping Agency's draft 2007 List of Prohibited Substances and Methods. Through this work, the Australian Government was able to successfully argue against the inclusion of hypoxic chambers on the 2007 list.

The Australian Government also contributed to the review of the World Anti-Doping Agency's International Standard for Laboratories and to proposed changes to the statutes of the World Anti-Doping Agency Foundation Board.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 95 clients liaising with the Department on sport-related matters across a range of policy and program activities. Responses showed that 93 per cent were satisfied with the services provided by the Department.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In achieving policy advice, program management and agency support for the sports sector, 87 per cent of the 309 clients who responded on this issue were satisfied with the Department's effectiveness. In encouraging greater participation in sport by all Australians, 86 per cent of the 283 respondents were satisfied with the Department's effectiveness, an increase of two per cent from the previous year.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

There were no internal or external audits of sport programs in 2006–07.

Effective budget management

As identified in figure 2.21 on page 63, the overall cost of Output 2.1 in 2006–07 was below budget, with actual administered expenses \$25.4 million below budget estimates. Of this amount, \$9.7 million has been rephased to 2007–08.

Of the remaining variation, \$8.9 million originally allocated under the Federation Fund to support the relocation of sports shooting groups from the ANZAC Rifle Range on Malabar Headland was not required following the Australian Government's decision to allow shooting groups to continue to use the Malabar facilities. A further \$5.7 million resulted from several sporting facility projects, for which pre-payments were made in previous financial years, not progressing as scheduled. This prevented the projects from being expensed in 2006–07 as forecast.

The other significant item of variance against budget was the Sport and Recreation (Anti-Doping) Program. Within this program, payments for anti-doping research were delayed due to the time taken by applicants to sign funding agreements and the need to fulfil Australian Government requirements under the Financial Management and Accountability Regulations 1997. This resulted in considerable time lags between considering anti-doping research proposals and commencing research activity. Administration of the program has been reviewed and changes have been implemented to reduce such delays in the future.

Managers conduct regular evaluations of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

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 (ICT) industry

Outcome 3

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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 (ICT) industry

Overview

What we do

The Department contributes to Outcome 3 by providing strategic advice on policies and regulatory frameworks and by developing and administering relevant programs. The Department's role is to:

- + develop and maintain regulatory frameworks that are responsive to changing market environments in the communications, media, online and postal sectors
- + implement programs to improve service levels in regional and remote areas
- + facilitate innovation, develop and implement new technologies, applications and services and promote access to those technologies, applications and services on a sustainable basis
- + strategically advance Australia's interests in international forums.

What this chapter covers

This chapter reports on communication and information technology sector programs and outputs that the Department was funded to deliver in 2006–07. This chapter:

- + sets out the Department's annual financial and other targets, as published in 2006–07 Portfolio Budget Statements (PBS) or amended in the Portfolio Additional Estimates Statements (PAES) and the Portfolio Supplementary Additional Estimates Statements (PSAES)
- + reports the Department's results in 2006–07 comparing them with previous years' results where applicable
- + discusses factors that may be affecting or are likely to affect the results
- + summarises the Department's progress against indicators nominated for each output and program.

Resources for Outcome 3

Figure 2.26

	(1) Budget 2006–07* \$'000	(2) Actual 2006–07 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2007–08** \$'000
Administered expenses				
(including third party outputs)	14 019 424	262 117	-13 757 307	588 176
Total Administered expenses	14 019 424	262 117	-13 757 307***	588 176
Price of Departmental outputs				
Output 3.1 Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in ICT	90 497	90 099	-398	79 499
Revenue from Government (Appropriation) for Departmental outputs	90 497	90 099	-398	79 499
Output 3.1 Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in ICT	610	536	-74	534
Revenue from other sources	610	536	-74	534
Total price of outputs	91 107	90 635	-472	80 033
TOTAL FOR OUTCOME 3	14 110 531	352 752	-13 757 779	668 209
(Total price of outputs and administered expenses)				
			2006–07	2007–08
Average staffing level			485	494

In 2006–07 the Department changed its output structure, from 1 July 2006 to 9 April 2007. Outcome 3 activities were identified under four Outputs:

- + Output 3.1: Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services.
- + Output 3.2: Policy advice and program management which promote accessible high quality broadcasting services.
- + Output 3.3: Policy advice and program management that assist the development of the ICT industry.
- + Output 3.4: Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

From 10 April 2007 Outcome 3 activities are identified in Output 3.1 as described above.

* Budget estimates as at 2006–07 PSAES.

** Budget estimates are as at 2007–08 PBS.

*** The variance relates to the accounting for the sale of Telstra, which was initially budgeted for as an expense however reflected as a gain in the DCITA financial statements.

Performance information index

Figure 2.27

	PAES page reference	Annual report page reference
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 ICT industry.	47	84
Administered items		
Connect Australia—Broadband Connect and Australian Broadband Guarantee	50	99
Connect Australia—Mobile Connect	50	101
Connect Australia—Clever Networks	54	101
Connect Australia—Backing Indigenous Ability—National Indigenous Television	50	104
Indigenous Broadcasting Program	54	104
Telecommunications Action Plan for Remote Indigenous Communities	48	106
Connect Australia—Backing Indigenous Ability Telecommunications Program		105
Telstra Social Bonus—Building Additional Rural Networks program	48	106
Telecommunications Service Inquiry response—mobile phone initiatives	49	106
Telecommunications Service Inquiry response—consumer representation	49	107
Telecommunications Service Inquiry response—telecommunications research	49	107
Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund	49	109
Regional Telecommunications Inquiry—Demand Aggregation Brokers	53	109
Regional Telecommunications Inquiry response—extending mobile phone coverage	50	110
Regional Telecommunications Inquiry response—ICT training and technical support	51	110
Metro Broadband Connect Program	51	111
International organisations contributions	51	111

	PAES page reference	Annual report page reference
Television Black Spots and Television Black Spots—Alternative Technical Solutions	51	111
ABC and SBS Digital Interference Scheme	51	113
National Transmission Network residual funding pool	51	114
Regional Equalisation Plan	51	114
NetAlert Limited	53	115
Community broadcasting training fund	54	115
Community broadcasting transmission support	54	115
ICT Centre of Excellence program	52	115
Advanced Networks Program	52	117
ICT Incubators Program	52	118
Information Technology Online	53	119
Electronic Media Research	54	120
Protecting Australian Families Online	54	120
Departmental items		
Output 3.1		
Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in ICT	55	121

Outcomes

Competitively priced and reasonably accessible telecommunications services

Australia Connected

A key focus of the Department's work throughout 2006–07 was the development of policies and programs to improve access to broadband services. On 18 June 2007, the Australian Government announced Australia Connected, a comprehensive broadband solution for Australia that involves:

- + a new national high speed wholesale network for rural and regional areas
- + a new commercial fibre optic network in cities and larger regional centres
- + the Australian Broadband Guarantee which ensures access to a broadband subsidy for Australians in the most remote areas
- + the creation of BroadbandNow, a one-stop consumer help centre
- + the preservation of the \$2 billion Communications Fund.

The awarding of a \$600 million competitive grant to OPEL, a joint venture between Optus and rural group Elders, will deliver a mix of fibre optic, ADSL2+ and wireless broadband platforms to rural and regional areas. The Government expanded this roll-out with an additional \$358 million in funding to ensure coverage to 99 per cent of premises in Australia.

The new fibre optic network in cities and larger regional centres will be established following a competitive bids process and subsequent enabling legislation. An expert taskforce was established to develop guidelines for the

competitive bids process in consultation with industry. The taskforce is chaired by Ms Patricia Scott, Secretary of the Department, with the other members comprising Treasury Secretary Dr Ken Henry, the Department of the Prime Minister and Cabinet Deputy Secretary Ms Jenny Goddard, telecommunications regulatory expert Mr Tony Shaw, Australian Competition Tribunal member Mr Rod Shogren, Australian Competition and Consumer Commission (ACCC) executive Mr Joe Dimasi and business leaders Mr Len Bleasel AM and Mr Dick Warburton AO.

The Australian Broadband Guarantee is a safety net that entitles Australians living in the most remote or difficult to reach areas (the remaining one per cent of Australian premises) to a broadband subsidy of up to \$2750 per household.

BroadbandNow is a new one-stop consumer help centre with telephone and online information to help consumers understand the technology options available to them. It began operating on 2 July 2007.

The Communications Fund was established by the Australian Government in 2005 to provide a guaranteed income stream to fund telecommunications infrastructure for regional communities. Such infrastructure includes additional mobile towers, broadband provision and backhaul fibre capabilities. In June 2007 the Australian Government introduced amendments to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to secure the \$2 billion principal investment to generate income into the future.

The take-up of broadband services across Australia continued to rise in 2006–07. According to the Australian Bureau of Statistics, there were 4.3 million broadband subscribers in Australia by

March 2007, a growth mainly driven by householders. Growth was particularly pronounced for high-speed broadband services, with services with download speeds of 1.5 Mbps or greater increasing 43 per cent from 1.09 million in September 2006 to 1.56 million in March 2007.

Connect Australia

The Department continued to provide advice to the Australian Government on the development and implementation of the Connect Australia programs in 2006–07. The programs were established following the Australian Government's August 2005 announcement of \$1.1 billion to improve telecommunications in regional, rural and remote Australia.

The Connect Australia programs are Broadband Connect, Clever Networks, Mobile Connect and Backing Indigenous Ability. Details about the outcomes for each of these programs are set out in the administered items for Outcome 3.

Regional

Regional Telecommunications Consumer Information Campaign

The *Regional Telecommunications Consumer Information Campaign: Pointing you in the right direction* is a \$5.9 million information campaign to improve regional consumers' knowledge of their telecommunications safeguards and Australian Government telecommunications initiatives for regional Australia.

A booklet was delivered to 3.1 million regional premises in May and June 2007 following a three-week television and print advertising campaign. The booklet contained information about telecommunications safeguards and what

steps consumers needed to take if they had a problem.

A regional briefing with key stakeholders and interested consumers was held in Wodonga on 17 April 2007 with further briefings in regional areas scheduled across Australia for 2007–08.

Transition from CDMA to Next G

In early 2006, the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan established a working group to ensure a smooth transition from Telstra's CDMA network to its new Next G network. The working group includes representatives from Telstra, the Department and the Australian Communications and Media Authority (ACMA).

In 2006–07, the working group examined a number of key issues relating to the transition from CDMA to Next G including Telstra's customer engagement and information provision strategy, transitional customer issues such as handsets, data services issues, external stakeholder information strategy and audits of coverage.

As a key step in the transition, the Minister announced that ACMA would conduct a series of independent audits of the existing coverage of Telstra's CDMA network compared with its new Next G network. The coverage audits are assessing voice coverage at a selection of sites in all states and the Northern Territory.

Testing of the existing CDMA coverage was conducted during 2006–07. Testing of the Next G network will follow later in 2007 depending on rollout progress.

Broadband Blueprint

On 7 December 2006, Minister Coonan released a *Broadband Blueprint* to provide a national framework for the future of broadband in Australia. The Blueprint recognises that all levels of government must take responsibility for facilitating broadband delivery.

The *Broadband Blueprint* supersedes the earlier National Broadband Strategy. It was developed in consultation with state, territory and local governments through the Online and Communications Council (OCC) and an expert industry reference group appointed by the Minister.

The *Broadband Blueprint* sets out the essential elements of the broadband market and details a forward strategy to encourage their development. It identifies a range of actions to be undertaken by governments including mapping backhaul and providing guidance to local councils/ planning authorities.

A new working group, the National Broadband Development Group, has been established under the auspices of the OCC. This group has strategic coordination responsibilities in relation to the *Broadband Blueprint*. It includes representation from all tiers of government, industry and telecommunications users and the key sectors of health, education and regional services.

Sale of Telstra

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.

The Department prepared a legislative instrument to enable the Minister to declare 24 November 2006 to be the 'designated day', the first day a majority of voting shares in Telstra were held by persons other than the Commonwealth. On this day, Telstra ceased to be a Commonwealth controlled company and transitional employment and superannuation arrangements took effect.

The Department also prepared a legislative instrument to enable the Minister to declare 28 February 2007 to be the '85 per cent sale day', the first day the Commonwealth's shareholding in Telstra fell below 15 per cent. On this day, the Minister's power to direct Telstra and Telstra's special reporting obligations ceased to exist.

Regulatory issues

Universal Service Obligation review

On 27 June 2007, the Minister announced the review of the Universal Service Obligation. The Universal Service Obligation ensures that all people in Australia, regardless of where they live or work, have reasonable access to basic telecommunications services. The Universal Service Obligation review will examine the most effective way to deliver universal service to consumers.

Red tape reduction

On 16 August 2006, the Minister announced a review of telecommunications regulatory reporting to identify opportunities to streamline reporting and remove redundant or unnecessary industry reporting requirements.

The review was in response to recommendation 4.46 of the Taskforce on Reducing Regulatory Burdens on Business (the Banks Report). As part of

the review, the Minister asked the ACCC and ACMA to report on opportunities to rationalise and reduce industry reporting requirements.

On 27 June 2007, the Minister announced a range of cuts to regulatory red tape including substantial reductions in accounting separation reporting requirements and the abolition of the Digital Data Service Obligation and industry reporting on overhead cabling.

During the review, the ACCC and ACMA also streamlined a number of reporting requirements on industry. For example, ACMA streamlined industry performance reporting requirements under section 105 of the *Telecommunications Act 1997* and reporting on the Network Reliability Framework, and the ACCC terminated record-keeping rules on internet peering.

The ACCC and ACMA have also agreed to share information and thereby reduce the reporting impost on industry. In 2007, they produced a joint state of infrastructure report based on their pooled information. The *Trade Practices Act 1974* has been amended to allow the ACCC to share information with other agencies, and complementary changes to the *Australian Communications and Media Authority Act 2005* have been introduced in the Parliament. These changes will improve information sharing and further reduce regulatory reporting burdens.

Other regulatory issues

The Department prepared draft amendments to Telstra's licence condition to strengthen the Network Reliability Framework and improve fault prevention and remediation arrangements particularly in regional, rural and remote Australia. The Minister made the amendments on 1 October 2006.

The Department also prepared a ministerial direction to ACMA to amend the Customer Service Guarantee to limit the ability of companies to claim exemptions for mass service disruptions, increase compensation payable and clarify what constitutes a reasonable offer of an interim or alternative service. The Minister gave the direction on 7 July 2006.

The full implementation of operational separation legislation designed to reinforce competition through promoting the principles of transparency and equivalence in relation to the supply of certain wholesale services by Telstra occurred in 2006–07. Ongoing monitoring of Telstra's operational separation commitments has been a priority for the Department.

Do Not Call Register

Following passage of the *Do Not Call Register Act 2006* in June 2006, the Department provided further policy advice on telemarketing issues and advice on implementation issues to ACMA. ACMA has primary responsibility for administering the scheme. The Do Not Call Register was launched by the Minister on 3 May 2007 and began on 31 May 2007.

The Department also prepared the Do Not Call Register Regulations 2006 which specify that certain types of customer service calls determined by the Australian Government are not telemarketing calls and therefore not subject to the requirements of the Act.

Integrated Public Number Database (IPND) Scheme

The *Telecommunications Act 1997* was amended in response to concerns that customer information contained in the Integrated Public Number Database (IPND) was being used for inappropriate purposes such as the compilation of marketing databases and debt collection. The amendments tighten access to customers' personal information where it is used to publish telephone directories, and permits its use in limited public interest research.

The IPND contains all residential and business phone numbers, both listed and unlisted, and associated customer information including name and address information. The amendments balance the privacy needs of telecommunications customers with the need to access and use IPND information for some public interest research purposes, such as health and medical research, electoral matters and research conducted by or on behalf of the Commonwealth.

The amendments also gave ACMA a key gatekeeper role in authorising access to information in the IPND for telephone directory producers and researchers. ACMA now has powers to undertake greater scrutiny of existing IPND data users and those seeking to access IPND information in the future. The IPND Scheme came into operation on 15 May 2007.

Under the IPND Scheme, ACMA is able to place conditions on authorisations and enforce compliance by issuing formal warnings and remedial directions. The amendments also introduced new criminal offences and penalties for unauthorised disclosure and use of information in the database and breaches of authorisations.

International

At the International Telecommunication Union (ITU) Plenipotentiary Conference held in Turkey in November 2006, the Department led a delegation to influence decisions on issues such as the participation of the private sector, the priorities for the radiocommunication, standardisation and development sectors of the ITU, and the organisation's strategic direction over the next four years. Australia was also successfully re-elected to the ITU Council.

Through Australia's position on the Council, the Department has sought to improve the ITU's financial management and accountability. The Department has also sought to establish a constructive role for the ITU in internet development after the United Nation's World Summit on the Information Society. The Department has also influenced decisions on the equitable treatment of satellite issues.

The Asia-Pacific Telecommunity is a regional communications development and cooperation organisation established by treaty. The Department led a delegation to its Management Committee in September 2006 and influenced a range of organisational improvements to ensure greater accountability and a clearer planning and reporting framework.

Successful bilateral policy dialogues were conducted with a range of governments including those from China (Ministry of Information Industries, Beijing, Shanghai Telecommunications Bureau and other Chinese provincial offices), Japan (e-commerce and telecommunications and information economy issues), and New Zealand and Thailand (e-commerce).

Governmental Advisory Committee of the Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN is the not-for-profit organisation responsible for the management of the naming and numbering systems which underpin the stable operation of the internet. The Governmental Advisory Committee is the platform by which governments provide advice and guidance to ICANN regarding the public policy issues associated with the technical operation of the internet. The Committee consists of officials from more than 100 national governments and international organisations.

Departmental officers participated in several Governmental Advisory Committee and ICANN meetings in 2006–07. Australia took the lead role in developing a set of principles adopted by the Committee regarding the purpose, access and use of the database for generic top level domains. The Committee also adopted a set of principles which provide the ICANN board with government priorities for the introduction, delegation and operation of new generic top level domains.

The Committee also considered ICANN's global IPv6 allocation policies. IPv6 is a network protocol designed for use on the internet. The Committee continued to monitor developments and exchange views on IPv6 deployment, considered a range of issues associated with the security and stability of the internet, and continued its consideration of Internationalized Domain Names (the use of non-Latin script). The Committee presented its views to ICANN on an application to establish the .xxx domain. Australia strongly opposed the proposal and the Minister wrote to the Chair of ICANN outlining the Australian Government's objections.

Competitively priced and reasonably accessible postal services

The Department oversees the operations of Australia Post, a Government Business Enterprise, jointly with the Department of Finance and Administration. During 2006–07, the Department provided advice to the Minister on corporate and governance issues such as the corporate plan and financial results. It provided advice on a range of postal regulatory issues such as the carriage of firearms in the mail, location of street posting boxes and the delivery of unaddressed mail. The Department also arranged joint advertising with the Distribution Standards Board to raise community awareness of the processes for dealing with unwanted unaddressed mail.

In 2006–07, the Department prepared legislative amendments to the *Australian Postal Corporation Act 1989* relating to the introduction of interstate quarantine arrangements and improved coordination between Australia Post and the Australian Customs Service, the Australian Quarantine Inspection Service and consumer protection agencies. This Bill was introduced into the Parliament on 20 June 2007.

The postal services market remained sound in 2006–07. Australia Post continued to make a significant contribution with solid growth in its parcels and logistics services, but it faces increasing pressure on its letter services, in part due to electronic substitution.

The Australian Government's objective is to create a framework for postal services that will contribute to economic growth, provide benefits to the users of postal services and make those services reasonably accessible. To help achieve this, the postal sector is open to full

competition with the exception of some services that are reserved to Australia Post (standard letters of 250g or less, or costing less than four times the standard letter rate). The Department provided advice on two reports by the ACCC that found that there was no cross subsidy between the reserved services provided by Australia Post and its services provided in full competition.

Australia Post is required to provide a letter service that is reasonably accessible to all Australians and a standard letter service at a single rate throughout Australia. Australia Post is also required to meet minimum performance standards relating to the frequency of mail delivery, the number of street posting boxes and the number and broad distribution of postal outlets. In 2006–07, the Department worked with Australia Post to ensure that accurate geospatial information about the location of street posting boxes was published on the Australia Post website.

The Postal Industry Ombudsman, established within the office of the Commonwealth Ombudsman to investigate consumer complaints about postal services, began operation on 6 October 2006. By 30 June 2007, the Ombudsman had received 1017 approaches, conducted 290 investigations and recorded 11 findings of an administrative deficiency.

Accessible and high-quality broadcasting services

Media reform

On 18 October 2006, the Parliament passed legislation to implement the Government's media reform package. The reform package is wide-ranging and will deliver a number of benefits to

consumers—it will help drive Australia's transition to digital television, deliver new digital services for consumers and enable Australia's media industry to take advantage of the new opportunities offered by emerging technologies. While the reforms may allow current media operators to achieve efficiencies of scale and scope, they also include safeguards to ensure Australia retains a diverse and vibrant media sector.

The key elements of the reform package are:

- + removal of the restrictions on the types of programming which can be shown on ABC and SBS multichannels, giving greater flexibility in the type of programs shown on the new digital channels
- + allowing commercial free-to-air television stations to provide a high definition multichannel from 1 January 2007 by removing the simulcast requirement on high definition television programming
- + permitting commercial free-to-air television stations to broadcast a standard definition multichannel from 1 January 2009 and allowing full multichannelling no later than the time of digital switchover
- + allocating two currently reserved digital channels for new digital services such as mobile television or new free-to-air in-home services
- + reforming the anti-siphoning scheme by introducing a 'use it or lose it' system for sporting events on the list from 1 January 2007
- + relaxing the cross media ownership restrictions to allow cross media transactions to proceed subject to a range of significant safeguards to protect diversity and local content
- + removing existing foreign ownership restrictions from 4 April 2007,

but retaining the media industry as a 'sensitive sector' under the Australian Government's Foreign Investment Policy

- + giving ACMA a range of new powers to regulate broadcasting including the power to seek civil penalties and injunctions and to accept enforceable undertakings from broadcasters.

Measures have also been included in the package to protect local content in regional markets. Existing licence conditions which require minimum levels of local content on regional commercial television in regional New South Wales, Queensland and Victoria have been formalised by legislation, and will be extended to Tasmania. Regional commercial radio licensees will be required to broadcast a minimum level of material of local significance between 6:00 am and 6:00 pm Monday to Friday (excluding public holidays) from 1 January 2008. Regional commercial radio licensees, whose licence has undergone a 'trigger event' such as a change in control, will be required to meet certain obligations. These include maintaining their existing presence in a licence area, broadcasting minimum levels of local news and information each week, and submitting Local Content Plans for ACMA's approval.

Digital Action Plan

The Australian Government has developed a Digital Action Plan to drive the take-up of digital television services and help consumers make the transition from analogue services to the new digital environment as soon as possible. The Minister released this Plan on 23 November 2006. The Plan sets out a broad strategy for moving to full switchover to digital television and indicates that a timetable for switchover will be developed, preferably to begin in 2010–12.

Regulation of content services

Mobile phones and other hand-held devices now offer access to a range of media-rich services including broadcasting, internet and multimedia content. New content services such as live-streamed services are also being delivered through mobile and subscription internet portals. Australians, including children, are interacting with each other in increasingly sophisticated ways and are potentially exposed to a greater range of content, including offensive and harmful content. This convergence of communication challenges existing protections which are based on outdated approaches to accessing content.

The Australian Government considered this issue in the 2004 review of the Online Content Co-regulatory Scheme in Schedule 5 to the *Broadcasting Services Act 1992* and the 2006 Review of the Regulation of Content Delivered over Convergent Devices. The latter review found that there may be a lack of appropriate protections for users, particularly children, from inappropriate audiovisual content on mobile devices and existing regulatory frameworks may not provide an effective response.

The *Communications Legislation Amendment (Content Services) Act 2007*, passed by the Parliament on 21 June 2007, was developed in response to these findings. These reforms will come into effect during 2007–08.

The content services reforms extend the existing co-regulatory framework for online content to content delivered to convergent devices such as 3G mobile phones and subscription-based portals. The new rules apply to content services providing stored content, live content and links to content hosted in or provided from Australia. Stronger obligations apply

where these services are provided for a fee by a for-profit business as commercial content services. Content rated X18+ and content that is refused classification will be prohibited. Content classified R18+ must be provided with access restrictions that limit the availability of this material to adults. Content services made available on a commercial basis will also have access restrictions down to MA15+. ACMA will be able to issue notices to content service providers requiring them to take-down or remove access to prohibited or potentially prohibited content.

All major stakeholders were consulted in developing the content services reforms and significant refinements were made as a result of these consultations. A number of further technical amendments were made as a result of the Senate's Environment, Information Technology and the Arts Committee inquiry into the legislation.

The legislation endeavours to strike the appropriate balance between the Australian Government's commitment to protect the community and particularly children from offensive content, while also allowing the growth and development of new business models based on new technologies. It complements the program classification and regulation system applying to material transmitted by broadcasters.

NetAlert—Protecting Australian Families Online

On 21 June 2006, the Australian Government announced the \$116.5 million NetAlert—Protecting Australian Families Online package as part of its ongoing commitment to providing a safe online environment for all Australian families, especially children.



At the contract signing for the NetAlert—Protecting Australian Families Online project were: (back, L–R) Peter Springett, Lachlann Paterson, Matthew Prendergast, John Hedges, Abul Rizvi PSM, Marion Hayes, Daniel Millerson (front, L–R) Patricia Scott (Secretary), Nigel Metcalf.

Case Study

Capping liability in ICT procurement contracts

Australian Government procurement policy requires government agencies to ensure that local industry is able to compete for Australian Government business. Consistent with the value for money principle, the Australian Government has put in place simplified ICT procurement arrangements to assist in overcoming impediments to small to medium enterprise (SME) access to Australian Government procurement opportunities which, among other things, specifies minimum SME participation levels in large ICT contracts.

The issue of liability arising from procurement contracts, particularly the potential for unlimited liability clauses to impose unnecessary financial burdens on SME ICT suppliers to government, has been a major concern to the industry for some time. In response to this concern, the Australian Government committed to cap supplier liability in Australian Government ICT contracts.

Based on that commitment, the Australian Government released the *Guide to limiting supplier liability in ICT contracts with Australian Government agencies*, and an accompanying quick reference publication, on 16 August 2006. Under this guideline, unlimited liability is only included in ICT contracts when there is a compelling reason, rather than it being the norm. The guide provides assistance to Australian Government agencies to implement the policy and also helps ICT suppliers to understand how the policy will be implemented. The capping liability guide and 'companion' to the guide are available on the Department's website. Hard copies have also been widely distributed to industry and Australian Government agencies. In addition, the Department of Finance and Administration (DOFA) undertook a series of seminars around Australia to educate Australian Government procurement officers on the capping liability policy.



Staff members Philip Allnutt, Saima Tuisk and Michael Lindfield with a copy of the guide.

To further assist in implementing the policy, the Department commissioned legal firm Blake Dawson Waldron to draft capping liability clauses for inclusion in GITC 4 (the standard Australian Government IT Contract covering complex contracts). These have been provided to DOFA. In addition, capping liability clauses have been finalised and provided to DOFA for SourceIT contracts covering simple contracts. The Department is involved in ongoing liaison with DOFA in relation to consequent amendments to the Procurement Guidelines.

The centrepiece of the package is the \$84.8 million National Filter Scheme that will provide free PC-based internet content filters or a subsidised filtered service for all Australian families. The package also includes funding to assist public libraries in Australia in establishing child safe internet terminals.

The filter or filtered service will be available from the NetAlert—Protecting Australian Families Online portal which will include a number of accredited filter products that have met stringent testing and assessment criteria as well as offering general internet safety advice.

This will enable families to select their preferred filter product, by download or a CD-ROM delivered to their home, in line with their family values and the age profiles of their children. Free ongoing technical support, including telephone support from their preferred PC filter vendor, will also be provided.

The free PC filters were due to become available from 20 August 2007 along with the portal and a helpline to provide ongoing advice on a range of internet safety measures.

In 2006–07, the Department undertook tenders for the development of a registration, tracking and payments system, to select an independent testing laboratory and for the submission of PC filter products for possible inclusion in the National Filter Scheme. An additional tender will be undertaken in 2007–08 for ISP filtered products and services. The Department also started the development of the ISP filter portal.

A consumer information campaign was also developed. The campaign will provide advice to families on the dangers their children may face online and the means to address these including through the use of filter products. Supplementary benchmarking research to validate

statistics on children's internet usage and attitudes towards some of the dangers they may face online was used to develop the campaign. A partnership program with private sector organisations was implemented to enhance the reach of the communications program.

Development of an innovative, internationally competitive ICT sector

The Australian ICT sector continues to play a significant role in the economy both in its own right—4.6 per cent of GDP in 2002–03—and as a contributor to national productivity growth. Industry revenues totalled \$103.3 billion in 2004–05, and 371 150 people were employed in the ICT sector in August 2006.

Exports of ICT goods remained relatively steady at \$2.17 billion in 2005–06, declining 1.8 per cent from the previous year. Data from the Australian Bureau of Statistics indicates that total ICT research and development expenditure in Australia is approximately \$3 billion per annum accounting for approximately 25 per cent of gross expenditure on research and development.

An ICT Advisory Group was established by the Minister in May 2005 to provide ongoing advice to the Australian Government on national ICT priorities and presented its findings to the Minister in December 2006. The Group found that high-level infrastructure issues are important to developing Australian ICT capabilities, in particular education and skills, investment and incentives, research, communications infrastructure, human capital and industry capability.

The Department worked to progress the recommendations of the *Building Australian ICT Skills* report released in

Case Study

Set up for success workshops

Women are under-represented in the Australian ICT sector. At present less than 20 per cent of the ICT workforce is female and women only represent 25 per cent of total students undertaking education courses for careers in ICT. The Equal Opportunity in the Workplace Agency also reports that female participation in the management of ICT organisations is below average.

The *Building Australian ICT Skills* report identified retention and attraction of staff as important issues facing employers of ICT professionals. A workshop was also dedicated to investigating these issues at the 2005 *PartiCipaTion Summit* which looked at ways to ensure that the ICT environment is attractive to women.

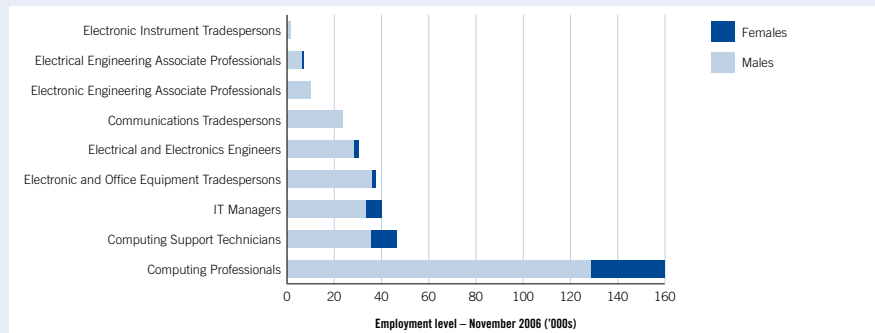
Following up this event, and as part of ongoing work to improve the supply of ICT skills in the Australian economy, the Department provided \$70 000 to the Australian Information Industry Association and the Australian Computer Society to conduct a series of workshops designed to improve female participation in the ICT sector. The workshops—with the theme *Set up for success*—were held in each state and territory across Australia from 18 to 29 June 2007.

The workshops were an important step forward in industry leadership on this issue. The training and advice provided will help address the leading causes of poor retention of female staff within the ICT sector.

The workshops attracted more than 600 female participants interested in developing practical skills to negotiate and balance their career and family life, as well as assist them in setting achievable career goals. Nearly 50 per cent of the attendees were in the key 28–37 year age group.

A website, www.setupforsuccess.com.au, was established to promote the event and has been continued as an ongoing resource. The site also provides a networking forum for women in the ICT sector.

Employment in ICT



Data source: ABS Labour Force Survey

May 2006. These activities included supporting an Industry Leadership Group on ICT skills established by the Australian Information Industry Association and the Australian Computer Society, funding the development of a national ICT skills recruitment tracking and monitoring system, supporting workshops targeted at encouraging the development of ICT workplaces that are more attractive and flexible for women, and improving access to, and analysis of, ICT skills related data.

The Australian Government's policy is that contracts with government agencies should generally cap the liability of suppliers at an appropriate level. This has particular relevance to ICT contracts, and in August 2006 the Minister released *A guide to limiting supplier liability in ICT contracts with Australian Government agencies*. This initiative has been strongly welcomed by industry.

Coordination of global branding for Australian ICT and involvement in major trade events is undertaken by the Committee for Marketing ICT Australia comprising Australian and state government agencies, industry and research organisations. The committee agreed in November 2006 to adopt the new national brand 'Imagine a Brighter Future: Australia' to replace the previous 'Technology Australia' brand, for international trade events.

The 3rd Australia-Korea-New Zealand Broadband Summit was held in Adelaide in December 2006 and attracted more than 150 participants. The Summit promoted business collaboration between the countries, particularly through the Department's support for one-to-one company meetings to help Australian companies to better present their capabilities to Korean businesses.

The Minister and her counterparts from Korea and New Zealand agreed on ongoing cooperative policy discussions.

Transformation of the Australian economy into an information economy leading to enhanced efficiency and productivity

In December 2006, the Department began a major project looking at the future of the internet and its potential impact on Australia's society and economy. Modules completed during the year were economic impacts of the internet, internet reliability, and SME trust in the online environment. The outcomes of the Future of the Internet project will inform Australia's position and contribution to the OECD ministerial meeting on the Future of the Internet Economy to be held in June 2008 in Seoul, South Korea. This will be the first such meeting on this issue since the 1998 Ottawa OECD Ministerial Conference on E-Commerce. The meeting will be an opportunity to influence global directions for this increasingly important infrastructure.

The final report of the e-Research Coordinating Committee was considered by the Minister for Communications, Information Technology and the Arts and the Minister for Education, Science and Training and released in May 2007. Many of the recommendations are being implemented through the Platforms for Collaboration stream of the National Collaborative Research Infrastructure Strategy administered by the Education, Science and Training portfolio. The Department is working with the Department of Education, Science and Training to ensure that technical solutions, standards and regulatory structures implemented

through this activity are compatible with the operations of bodies outside the higher education and research sector, for example collecting agencies and industry research bodies.

The Department participated actively in coordination activities with other Australian Government agencies and state and territory governments on ICT capability and innovation related issues. These included the Prime Minister's Science, Engineering and Innovation Council (where the Department participated in the Working Group on Data for Science), the Commonwealth, State and Territory Advisory Council on Innovation, the Coordination Committee on Science and Technology, and the Online and Communications Council Information and Communications Technology Working Group.

Following up on the release of the Australian Telework Advisory Committee report in February 2006, the Department commissioned the development of a Telework Online Resource Centre and associated better practice guidelines to help improve the awareness and uptake of telework. The development of these two resources was completed in 2006–07 and they are expected to be made publicly available in early 2007–08.

Two funded programs that addressed different elements of developing Australia's ICT capabilities concluded during the year—the Information Technologies Online Program (ITOL) and the Advanced Networks Program (ANP). ITOL focused on capacity building in the SME sector, while ANP provided advanced communications infrastructure to trial a range of commercial and research applications.

e-Security

In 2006–07, the Department was a 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 continued to be responsive to the changing online environment.

The Department undertook a consultation process that included a discussion paper to gain feedback from industry, community organisations, government agencies and members of the public.

A number of initiatives were developed as a result of the findings of the review. The initiatives were aimed at raising awareness of home users and small business of the need to protect themselves from electronic attack and fraud and what measures they could put in place to improve their online security.

In the 2007–08 Budget, the Australian Government announced \$73.6 million over four years for a package of initiatives to address the outcomes of the review. The Department will receive \$9 million over four years to develop and implement awareness raising initiatives.

In October 2006, the Department worked with industry and community stakeholders to undertake National E-Security Awareness Week. A range of events took place throughout Australia to highlight the importance of secure online practices commencing with the Minister launching the *Stay Smart Online* website www.staysmartonline.gov.au

Case Study

National E-Security Awareness Week and Stay Smart Online website

In October 2006, the Minister launched a National E-Security Awareness Week and the *Stay Smart Online* website. The objective of the Awareness Week was to encourage Australian small businesses and home users to adopt smarter online security practices. The Awareness Week was a collaborative effort between government, industry and community organisations.

A Steering Group of representatives from industry and government guided the development of the Awareness Week, with membership from various organisations such as Abacus Australian Mutuals, the Australian Bankers Association, the Australian Electrical and Electronic Manufacturers' Association, the Australian High Tech Crime Centre, the Australian IT Security Forum, eBay Australia and New Zealand, the Internet Industry Association, McAfee, Microsoft Australia, Symantec, Sophos and Telstra Bigpond.

During the Awareness Week, activities were held in every state and territory and virtual events were also organised to reach a national audience. Some of the activities throughout the Awareness Week included:

- + Launch of *Think U Know* internet safety training to Australian primary and secondary schools, through a network of accredited volunteers and school champions by NetAlert, Microsoft Australia and the Virtual Global Taskforce.
- + eBay publicising the Awareness Week's key themes and features to their Australian customer base.
- + Sophos conducting a series of information workshops targeted at small businesses in Adelaide, Cairns, Darwin and Melbourne.



Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, at the launch of www.staysmartonline.gov.au

A key feature was the launch by the Minister of www.staysmartonline.gov.au, the Australian Government's online security website. The website provides practical information for Australian Internet users on how to secure computers and adopt smart online practices. It has useful tips on how to transact online securely and a kid safe area with links to a range of information sources. The website also features a free e-security alert service, which provides subscribers with alerts about the latest e-security threats and vulnerabilities.

Administered items

Connect Australia—Broadband Connect and Australian Broadband Guarantee

Increased broadband take-up in rural and remote areas

Broadband Connect Incentive Program

The Broadband Connect Incentive Program met its primary objective to provide equitable access to higher bandwidth services across regional Australia by making an incentive payment to registered internet service providers for each eligible customer supplied with a Broadband Connect-compliant service.

Broadband coverage in Australia is illustrated in figure 2.28. Largely as a result of the Broadband Connect and Higher Bandwidth Incentive Scheme programs, more than 220 000 homes and businesses have received a subsidised high quality broadband service, and more than one million additional premises across regional, rural and remote Australia now have improved access to sustainable, terrestrial broadband services. In total, \$277.4 million was allocated during the operation of the Broadband Connect Incentive Program which ended in March 2007.

Broadband Connect had two supporting objectives: to promote competition among higher bandwidth service providers and to ensure efficient use of public funds

Figure 2.28 Broadband service availability



by effectively targeting areas of need in regional Australia.

At the close of the Broadband Connect Incentive Program in March 2007, there were 55 registered providers offering ADSL, cable, satellite and wireless services across much of regional Australia. These areas were either not previously able to access a broadband service or not able to access one on metro-comparable terms. Entry-level services were offered with prices from \$29.95 per month.

Broadband Connect Infrastructure Program

On 21 September 2006, the Government released the guidelines for the Broadband Connect Infrastructure Program. This program was part of the \$1.1 billion Connect Australia package and is the second phase of the \$878 million Broadband Connect program.

Under this program, support of up to \$600 million was available for major infrastructure projects of significant scale and service coverage. The funding was to support the capital cost of establishing new broadband infrastructure, including upgrades to existing infrastructure, to provide wholesale broadband services to under-served premises and areas broadly across regional, rural and remote Australia that would provide metro-comparable retail broadband services.

A competitive process was held for the Broadband Connect Infrastructure Program and applications closed on 18 December 2006. A panel within the Department completed an assessment process in accordance with the published program guidelines. The assessment was undertaken under strict probity guidelines and with the support of technical and financial advice.

Following the assessment, OPEL Networks, a joint venture between Optus

and Elders, was selected as the preferred applicant for the program. Following a negotiation process to achieve improved value for money for the project, the Australian Government agreed to provide an additional \$358 million to achieve a further extension of the network and additional benefits for broadband users in regional Australia.

On 18 June 2007, the Australian Government announced Australia Connected. A core element was the announcement of the successful applicant under the Broadband Connect Infrastructure Program. Funding agreements with OPEL are being negotiated, with full implementation of the wireless broadband network to be completed by 30 June 2009, and the entire national network (including backhaul and exchange upgrade components) to be completed by the end of 2009.

Australian Broadband Guarantee

On 7 March 2007, the Government announced the \$162.56 million Australian Broadband Guarantee program, including \$20 million to pay outstanding claims lodged under the Broadband Connect Incentive Program. The Australian Broadband Guarantee will provide metro-comparable broadband access for residential and small business premises where:

- + access is not available from commercial developments or past Australian Government support programs
- + access will still not be available after the roll-out of services by the OPEL network.

The program, which began on 2 April 2007, builds on and replaces the Broadband Connect Incentive Program and the Metro Broadband Connect

Program. Subsequently, incorporated into the Australia Connected initiative, the Australian Broadband Guarantee will also complement the Broadband Connect Infrastructure Program by providing access to broadband services to the one per cent of currently under-served premises that will not receive coverage after roll-out of the OPEL network. It will also support users until OPEL services are rolled out over the next two years.

The Australian Broadband Guarantee is based on the same incentive-based approach as the former Broadband Connect Incentive Program, although eligibility criteria have been tightened and more closely targeted to reflect the increased emphasis on broadband blackspot infill. The Department has also further enhanced its online program management system to provide greater automation of program processes, including testing eligibility of premises (using spatial data) and automatically testing for duplicate claims and service recipients.

The design of the Australian Broadband Guarantee addresses a number of the findings of the Australian National Audit Office Report No. 36 2006–07 *Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1* (for details of the findings of this audit see Output 3.1, page 125).

Connect Australia— Mobile Connect

Improved access to telecommunication services

Under the Mobile Connect program, \$25.3 million is being provided over four years to extend terrestrial mobile

phone coverage and to continue satellite handset subsidies for more remote areas.

During 2006–07, a series of changes to the Satellite Phone Subsidy Scheme were implemented. These included new subsidy levels based on the location of applicants, extending eligibility to educational institutions and providing scope for Indigenous corporations to receive more than two subsidies if they are servicing a number of remote communities. During 2006–07, 2006 subsidy approvals were issued and payments of \$2.1 million were made.

Connect Australia— Clever Networks

The \$100 million Clever Networks program is delivering innovative broadband services to communities in regional, rural and remote Australia.

Clever Networks builds on the successful approach taken in earlier programs such as the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program.

There are two elements to the Clever Networks program: Innovative Services Delivery and Broadband Development. The Innovative Services Delivery element co-funds projects that aid the delivery of improved services in sectors such as health, education, government, community and emergency services. The Broadband Development element complements the delivery of these services by assisting communities to enhance their understanding of, access to and use of broadband.

Rollout of new broadband applications and services under Clever Networks

Applications for funding under round one of the Innovative Services Delivery element of Clever Networks closed on 18 December 2006. On 17 April 2007, the Minister announced that 16 projects, drawing on Clever Networks funding of \$49 million, would be funded under the first round subject to the successful negotiation of agreements.

By 30 June 2007, five of these round one Innovative Services Delivery projects had been announced. These are listed in figure 2.29.

The Scope Connect project will connect people living with disabilities in remote areas, and their families, to specialist care. Another project, Clever Training, will use advanced broadband technology to deliver videoconference services to break down the barrier of distance that limits access to technical education. Together, these Clever Networks projects will enhance service delivery for educators, doctors, fire fighters and other essential service providers.

Round one funding of \$2.9 million was provided to successful applicants during 2006–07.

Round two of the Innovative Services Delivery element of Clever Networks was launched on 14 May and applications were due by 9 July 2007.

The Broadband Development element of the program has two components—Broadband Project Managers and Broadband Project Officers. Managers will be employed by state and territory governments. Officers will be employed by relevant organisations to work with regional communities to enhance understanding of, access to and use of broadband.

Under the Broadband Development element of Clever Networks, applicants were invited to submit proposals before 28 February 2007 for the Broadband Project Officers and negotiations have been taking place for the appointment of the Broadband Development Managers with each of the state and territory governments.

Figure 2.29 Round 1 Innovative Service Delivery projects*

Project title	Funding recipient	Funding amount
High speed broadband infrastructure and services for the regional centres of Berri, Murray Bridge and Port Pirie in South Australia	South Australian Department for Transport Energy and Infrastructure (South Australia)	\$2.3 million
Greater Western Area Health Service Clinical Outreach Program	Greater Western Area Health Service (New South Wales)	\$2.1 million
North Coast Area Health Service Clinical Outreach Program	North Coast Area Health Service (New South Wales)	\$1.8 million
Scope Connect	Scope (Victoria)	\$1.4 million
Clever Training	TAFE SA Regional Institute (South Australia)	\$1.1 million

* Lists projects announced during 2006–07

Increased broadband take-up and use by institutions and communities in the target project areas

The 16 preferred innovative Clever Networks projects from round one will improve service delivery in the areas of health, education, government and emergency services for communities in rural and regional Australia. These projects relate to virtual healthcare, remotely accessible interactive education services and delivery of integrated state-wide emergency services.

Extent to which Australian Government program funds are matched by investments from other tiers of government and industry

Clever Networks will attract significant investment in matching funding from commercial partners as well as state and territory governments. The \$49 million in round one Clever Networks funding has been matched by \$96 million over the next three years for a total of \$145 million—comprising both public and private sector funds—to deliver broadband to communities across regional, rural and remote Australia.

Number of institutions and communities with improved access to broadband

At the end of June 2007, five Clever Networks projects had been announced. If funding agreements for all 16 successful round one Clever Networks projects are signed and the projects proceed, they are likely to provide improved delivery of services through broadband to more than 400 institutions and over 1000 communities across Australia.

Communications Fund and regular reviews

In September 2005, the Australian Government established the \$2 billion Communications Fund. The purpose of the Fund is to provide an income stream to fund the Australian Government's responses to recommendations of the Regional Telecommunications Independent Review Committee.

The Committee has been established by legislation to undertake regular reviews into the adequacy of telecommunications services in regional, rural and remote Australia. Subsequent reviews are to take place every three years. In May 2007 an amendment was made to ensure that the Indian Ocean Territories were included in the regular reviews.

The *Telecommunications (Consumer Protection and Service Standards) Act 1999* establishes the \$2 billion Communications Fund to provide an income stream to implement the Australian Government's response to future Committee reports. During 2006–07 the Department, in consultation with the Department of Finance and Administration and the Treasury, finalised an investment strategy and arrangements for the longer-term management of the Fund. Regulations, investment authorisations and a service level agreement with the Australian Office of Financial Management were implemented to enable long-term investment in a low-risk portfolio.

Indigenous Broadcasting Program (IBP)

Access for Indigenous people to Indigenous-controlled broadcasting services

The IBP is an ongoing program that provides funding assistance to address the broadcasting needs of Indigenous people. Indigenous broadcasting provides information and entertainment and also helps promote language maintenance, cultural development and training in Indigenous communities. IBP funding is allocated through a whole-of-government funding round conducted annually.

In 2006–07, the program allocated \$13.6 million in funding for 116 projects. The program provided funding to 21 Indigenous-owned and controlled community radio stations in Darwin, Brisbane, Melbourne and Sydney, many regional locations and to 31 remote broadcasting services. This included support for one new radio station established to serve the Yolongu people in North-East Arnhem Land in the Northern Territory.

The IBP also continued to support Imparja Television, Australia's only Indigenous-controlled commercial television service. The funding supports the costs of satellite services to deliver Indigenous radio and television programming. Support was also provided for training and for Regional Indigenous Media Organisations to provide training, technical support and networking arrangements for local broadcasting services in remote communities.

The IBP was reviewed during 2006 and a report on the outcomes of the review was published on the Department's website in May 2007. The Review canvassed a number of issues for the

improved administration of the IBP. The report confirmed support for a number of principles that should underpin the program, and set future directions. In particular, there was support in the Indigenous broadcasting sector for the development of a more equitable funding model for the program, recognising that some historical inequities had developed in the level of funding for similar organisations across different regions. The Department is currently implementing recommendations from the report, including developing a new funding model in further consultation with the sector.

Connect Australia—Backing Indigenous Ability—National Indigenous Television

Access to Indigenous broadcasting service by specific target group audiences

National Indigenous Television

As part of the Backing Indigenous Ability program, the Australian Government has allocated \$48.5 million over four years to 30 June 2010 to establish a National Indigenous Television (NITV) service. NITV will commission, acquire and produce Indigenous television content.

During 2006–07, NITV Ltd was established as a company limited by guarantee. A Board (Chaired by Professor Larissa Behrendt, Professor of Law and Indigenous Studies at the University of Technology Sydney) and a Chief Executive Officer (Ms Pat Turner AM) were appointed and key production, acquisition and administrative staff were recruited. NITV established its headquarters in Alice Springs with a number of staff located in Sydney.

A funding agreement between the Department and NITV was executed in May 2007 and sets out reporting and accountability requirements including key milestones to be achieved and the associated payments schedule. NITV commenced services on 13 July 2007.

The service will be available for transmission initially on Imparja's narrowcast channel and later on other broadcasting platforms such as community television services or pay TV. The service will provide Indigenous news, children's television, drama and other entertainment reflecting the interests of Indigenous communities.

Indigenous Remote Radio Replacement (IRRR) program

Under the Backing Indigenous Ability IRRR program, the Australian Government is providing \$3.3 million over three years from 2006–07 to replace ageing radio infrastructure for the community radio services provided by the Remote Indigenous Broadcasting Services (RIBS).

There are 79 licensed RIBS eligible for IRRR funding. Most of these Indigenous organisations are located in very remote areas of Australia and the Torres Strait Islands. They are often the only source of locally relevant news and community information.

A contract was signed with the Community Broadcasting Foundation (CBF) on 12 June 2007 for it to manage the IRRR rollout. The CBF will work closely with Indigenous broadcasting peak bodies, remote Indigenous media organisations and individual RIBS to deliver a timely and equitable upgrade of critical radio studio and transmission infrastructure.

Connect Australia— Backing Indigenous Ability Telecommunications Program

Improved access, take-up and use of telecommunications technology and services by remote Indigenous communities

The \$31.7 million Backing Indigenous Ability Telecommunications Program is designed to address deficiencies in telecommunications services, particularly in remote Indigenous communities.

Following an extensive consultation process, the Minister for Communications, Information Technology and the Arts launched the program on 23 February 2007 with the release of guidelines and a call for applications. The program's six elements should help address community telecommunications needs and build social links and economic capability. Funding is provided for telephones, internet access, videoconferencing, training and skills development, Indigenous online content and regional agents.

A number of funding rounds are planned for the program. Round one closed on 20 April 2007 and 62 applications were received. The Minister had not announced the successful applicants at the end of the reporting period. A number of requests for tender were also issued for the provision of services (such as internet access, videoconferencing, training and regional agents) to communities under the program.

Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

Improved and sustained take-up and use of telephone services in remote Indigenous communities

As part of the \$6 million Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) a trial of community phones was concluded in 2006–07 in remote Indigenous communities in the Northern Territory and Western Australia. Community phones are robust public phones using pre-paid cards. In total 216 phones were installed in 124 remote Indigenous communities.

A final evaluation of the trial conducted in 2006–07 found that the community phones have been well supported. Arising from this trial, 290 additional community phones will be provided to remote Indigenous communities.

Telstra Social Bonus—Building Additional Rural Networks program

Improved access to telecommunication services

The Building Additional Rural Networks program was established in June 1999 and was administered under Networking the Nation. Its objective was to support the development of new networks, network services and products with an emphasis on the adoption of innovative solutions and leading-edge technologies.

At the end of the program in June 2005, \$5.8 million uncommitted funds for the Northern Territory remained. These uncommitted funds are being used to

support telecommunications initiatives in the Northern Territory.

Program funding of \$1.4 million was committed to a project upgrading infrastructure to Wadeye which was being undertaken by the Local Government Association of the Northern Territory. Of this, \$1.0 million was expended on the project in 2006–07 with completion due in July 2007. Discussions have been held with the Northern Territory Government concerning options for the use of the remaining \$4.4 million on telecommunications initiatives in the Northern Territory in 2007–08.

Telecommunications Service Inquiry response—mobile phone initiatives

Increased terrestrial mobile phone coverage

Through the \$22.8 million Towns over 500 program, the Australian Government subsidised the extension of terrestrial mobile phone coverage to 131 regional towns with 500 or more residents.

The final two sites under this agreement were completed during the year and the final payment was made to Telstra.

Improved mobile phone coverage along regional highways

Through the \$19.1 million Selected Regional Highways initiative, the Australian Government subsidised the extension of mobile phone coverage to 62 lengths along 34 regional highways. The roll-out of new services under the agreement was completed in October 2005 and Telstra is required to continue to provide the services for ten years after completion of the roll-out.

Telecommunications Service Inquiry response—consumer representation

Appropriate activities by consumer representatives

Under subsection 593(1) of the *Telecommunications Act 1997*, the Minister may make grants to assist the representation of consumers' interests in telecommunications issues. The objectives of these grants include support for consumer representation in the development of industry codes.

Funding of \$700 000 was made to consumer bodies under the consumer representation grants program during the year, including more than \$30 000 in sitting fees to consumer representatives on the Communications Alliance Consumer and Disability Councils.

Funding recipients were involved in making submissions to industry code development processes and informing the Department about consumer views on key issues including accessibility to services for people with a disability, and support for people on low incomes. Other funded activities included the production and distribution of informative fact sheets and journal articles on developments within the industry from a consumer perspective.

Funded organisations also conducted a number of conferences and workshops in regional locations to increase consumer awareness of their rights and emerging telecommunications opportunities, as well as to gather and report on consumer views on key issues.

Telecommunications Service Inquiry response—telecommunications research

Research published

Under subsection 593(2) of the *Telecommunications Act 1997*, the Minister may make grants to organisations or persons to undertake research into the social, economic, environmental or technological implications of developments relating to telecommunications.

Twenty-four applications were received for telecommunications research grants and two were approved for funding in 2006–07. At 30 June 2007 funding agreements were being negotiated with the two successful applicants.

In June 2007, two research reports were accepted by the Department—one concerned the use of telecommunications services in remote Indigenous communities and the other related to telecommunications solutions for older people and people with disabilities. These reports will be published on the Department's website.

Case Study

Ngaanyatjarra Lands CCIF project

The Ngaanyatjarra Lands area of Western Australia is one of the most remote regions of the country, covering a vast area of approximately 250 000 square kms. It is currently poorly serviced by telecommunications. The Ngaanyatjarra Lands CCIF project provides 400km of broadband fibre optic backbone and 'last mile' services to six Indigenous communities. This project will significantly improve telecommunications for the communities and allow for more efficient and effective delivery of government services including health, justice, education, and business.

The optical fibre has now been laid by Telstra and it is expected that transmission connections will be complete by October 2007.

The project will enable the following broadband technology solutions:

- + High speed broadband internet services to assist media centres to further develop and promote Aboriginal culture.
- + Real time video conferencing and data sharing for remote health clinics and police services.
- + Improved access to advanced educational, cultural and media content to improve the quality of learning and training to the community and schools including assisting school children with necessary computer skills.
- + VoIP (voice over internet protocol) thereby delivering savings in telecommunication costs for the whole region.

Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund

Roll out of new infrastructure and services under the Coordinated Communications Infrastructure Fund

Improved access to broadband

Improvements in telecommunications infrastructure

The Coordinated Communications Infrastructure Fund (CCIF) program forms part of the Australian Government's commitment to implement the National Broadband Strategy. The fund includes \$20.9 million for infrastructure projects to improve broadband capability to deliver health, education and government services in regional communities.

Projects funded through the CCIF deliver high-speed bandwidth to health and education institutions, business, local government and Indigenous and community groups in regional and rural areas. Seven preferred applicants had been announced in the first round in April 2004, and six applicants were funded in the second round in April 2005. About 92 communities will benefit from round one of the program, and 48 communities will benefit from round two. Expenditure under CCIF was \$7.3 million in 2006–07.

Under the program guidelines, CCIF funding must at least be matched by funds from the project partners. Australian Government funding for infrastructure projects under both funding rounds was more than matched by project partners and generated an additional \$49.3 million.

Of the 13 projects funded under the two rounds of the CCIF, five are now operational. The projects completed in 2006–07 were the Northern.Net@qld project and the Port Lincoln Broadband Infrastructure and Services Project. Two funding deeds were signed for the Hunter Health NSW and the Northern Territory Thamarrurr Regional Infrastructure Upgrade project. The remaining CCIF projects are scheduled for completion in 2007–08.

Regional Telecommunications Inquiry—Demand Aggregation Brokers

Improved access to broadband

The \$6.9 million Demand Aggregation Brokers program funded a network of national, state and territory and community brokers to undertake demand aggregation initiatives to enable new broadband infrastructure and services. All the projects were completed by 30 June 2006 and final remaining grant payments of approximately \$602 000 were made during 2006–07.

Aggregate estimates compiled from projects funded under the program indicate that more than 300 communities now have access to broadband—297 exchanges have been ADSL-enabled in regions covered by the program. The program also helped new wireless service providers to enter the market and develop regional broadband solutions for areas that may not otherwise have been able to afford them. The price of these services is mostly comparable with prices in metropolitan areas.

Broadband access and usage costs have been lowered not only by facilitating competitive services offerings, but also by encouraging value-added service

solutions such as VoIP (voice over internet protocol). These have delivered further savings to customers. The program helped spread awareness of broadband and its social and economic benefits throughout regional Australia. This has been critical in driving up demand for broadband in more remote and isolated communities. It helped communities in regional areas to better identify their broadband needs, such as for particular applications.

Research continued to evaluate the social and economic impact of broadband in four program areas—Gloucester (New South Wales), the Gold Coast (Queensland), Loddon Mallee (Victoria) and the Yorke Peninsula (South Australia). A follow-up survey of these four areas was conducted in March 2007 to measure changes in internet take-up and use since November 2005. The results showed that in all four regions there was an increase in home internet connectivity (up from 65 to 69 per cent) and broadband access (up from 36 to 62 per cent) between 2005 and 2007.

Information collected from these four areas has provided the basis for the publication *Broadband in regional Australia—Making a difference*. This publication describes the early impact of broadband use. Reported benefits from broadband take-up include more convenient access to a range of government services, improved social cohesion, greater retraining opportunities in isolated communities, accessing new markets and more flexibility in where Australians choose to perform their work.

Regional Telecommunications Inquiry response—extending mobile phone coverage

Increased terrestrial mobile phone coverage

Telstra continued the rollout of new infrastructure to provide new or improved mobile phone coverage to 62 locations in regional Australia under a \$15.6 million funding agreement with the Australian Government signed in August 2004.

The roll-out of new services under the agreement was completed in June 2007 and Telstra is required to continue to provide the services for ten years after completion of the roll-out. The new infrastructure is providing new or improved mobile phone coverage to around 23 000 people, across approximately 115 000 square kilometres.

Regional Telecommunications Inquiry response—ICT training and technical support

Improved access to ICT training and technical support for people living in 'very remote' Australia

In 2006–07, nine projects delivered IT training courses and technical support services to a total of 10 312 people in very remote parts of Australia. The program was due to be completed by 30 June 2006, however, due to delays resulting from extreme climatic conditions and difficulties in attracting and retaining experienced staff, six projects were granted time extensions of up to six months with associated funding rephased into the 2007–08 financial year.

Metro Broadband Connect program

All metropolitan customers are able to access broadband services at metropolitan comparable prices

The Metro Broadband Connect program (originally called the Metro Broadband Blackspots program) was designed to help people in metropolitan areas who were unable to access broadband services at prices similar to those available to the majority of metropolitan customers.

Three service providers were registered under the program, covering areas of the Central Coast of New South Wales, the Gold Coast and Perth. Assessments of 21 applications were well advanced when the program was replaced by the Australian Broadband Guarantee on 2 April 2007.

International organisations contributions

Appropriate issues raised at International Telecommunication Union and Asia–Pacific Telecommunity meetings

In a globalised industry context, Australia's public and private sector investments in telecommunications services including broadcasting, radiocommunication, satellite and scientific and consumer services depend largely upon harmonised global standards and coordinated frequency allocations that are established through the International Telecommunication Union. Australia's contribution of around \$4.9 million to the Union in 2006–07 included \$609 970 to support its work to build capacity in telecommunications and ICT regulatory and governance activities in the Asia–Pacific region.

Of the \$253 460 paid to the Asia–Pacific Telecommunity as Australia's annual contribution, \$128 636 was used to develop and support capacity-building projects to assist policy makers and regulators to improve access, security and governance within the sector. In the last 12 months Australia has contributed to information sharing workshops on issues including ICT legislation, trade and telecommunications policy and regulation.

Information about issues raised at meetings of these organisations is included in the Outcomes section dealing with international matters (page 88).

Television Black Spots and Television Black Spots—Alternative Technical Solutions

Removal of television black spots

The Television Black Spots Program (TVBSP), which closed on 30 June 2005, improved access to analogue television services in areas of poor television reception. Under the TVBSP, new analogue television services were established in 242 black spots, well above the program target of 200.

The TVBSP also funded the replacement of obsolete equipment at 182 existing analogue self-help retransmission sites, 106 of which served Indigenous communities.

The Television Black Spots—Alternative Technical Solutions (ATS) Program provides alternative solutions to black spots that could not be assisted under the TVBSP. Alternative solutions include the retransmission of digital television services or funding for equipment to access satellite television services. There are 14 projects being managed under the ATS Program.

Case Study

Workshop on principles of cyber legislation for Pacific Island countries

In March 2007, the workshop on *Principles of Cyber Legislation for Pacific Island Countries* was held in Auckland, New Zealand. The workshop was a joint initiative of the Asia–Pacific Telecommunity, the International Telecommunication Union and the Pacific Island Telecommunications Association. The Department partially funded the workshop through its contributions to the International Telecommunication Union and provided fellowships through its funding commitments to the Asia–Pacific Telecommunity.

Given the challenges that limited resources present Pacific Island countries, one of the key priorities of the Department's engagement with the Pacific is to encourage collaboration between international fora to avoid duplication, maximise synergies and ensure the continuity of approaches. The Department coordinated the collaboration between these three organisations and worked closely to develop a relevant agenda focused on the ICT needs of participating Pacific Island countries.

The workshop provided support to policy makers associated with cyber legislation in the Pacific and developed a roadmap of ICT legislation for Pacific Island countries. The need for ICT legislation is high on the agenda of many Pacific Island countries, and Australia, through its involvement with regional and international organisations like the Asia–Pacific Telecommunity, the International Telecommunication Union and the Pacific Island Telecommunications Association, is encouraging greater cooperation and integration in the national policy, regulations and legislation in the Pacific Island region.

The Department is very active in the region in terms of cyber security initiatives, through projects aimed at developing anti-spam legislation and the accompanying enforcement regimes in a number of Pacific Island countries. Given this engagement, the Department delivered a keynote address on the Australian approach to data privacy and spam, as well as the Do Not Call Register.

A total of \$506 095 was provided for black spots projects in 2006–07.

At 30 June 2007, 256 projects had been approved for funding under both programs.

In 2006–07 new facilities commenced transmission or alternative solutions were implemented in two black spots, compared with thirteen black spots addressed in 2005–06 for both television black spots programs.

Figure 2.30 shows the number of television black spots fixed under both programs, listed by year and cumulatively.

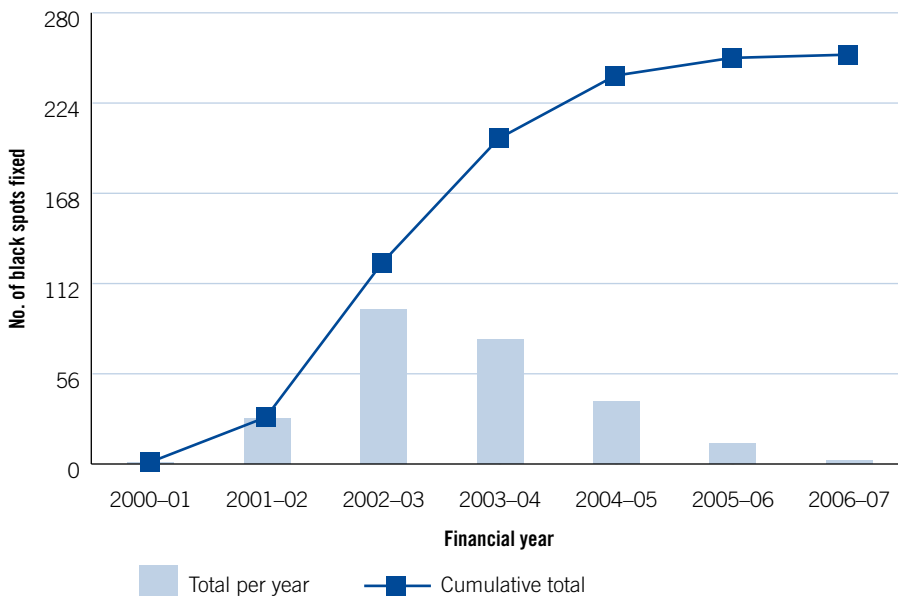
ABC and SBS Digital Interference Scheme

Timely payments to ABC and SBS under the Digital Interference Scheme

The ABC and SBS Digital Interference Scheme reimburses the costs incurred by the national broadcasters in contributing to the Interference Management Strategy. The Strategy helps consumers overcome interference problems associated with the introduction of new digital television services. Free TV Australia administers the Strategy on behalf of all participating broadcasters, including the ABC and SBS.

The Department transfers funds to the national broadcasters when their strategy-related costs are confirmed.

Figure 2.30 Number of television black spots fixed



Grants in 2006–07 totalled \$4181. All invoices and payment requests received by the Department from the national broadcasters were approved by 30 June 2007.

The average period between the receipt of invoices, or relevant supporting information, and payment approval was 10 days, an improvement on the 17-day average achieved in 2005–06.

National Transmission Network residual funding pool

Access to broadcasting services by specific target group audiences

The National Transmission Network residual funding pool was created as part of the network sale arrangements to ensure that Australian Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters, and for Radio for the Print Handicapped.

These commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure that they are met and to provide ongoing access to broadcasting services. Five grants totalling \$634 642 were made during 2006–07.

In late June 2006, the ABC entered a funding agreement under the National Transmission Network residual funding pool to purchase three emergency power plants in Victoria and two portable FM radio transmitters, one each for Queensland and Western Australia, to support the continuity of ABC local radio. The total funding commitment to the ABC for this initiative is \$547 696, of which \$173 542 was made from the National Transmission Network residual

funding pool in 2005–06 and \$374 154 in 2006–07.

Regional Equalisation Plan

Assistance to regional and remote commercial television broadcasters for digital broadcasting

The Regional Equalisation Plan, announced by the Australian Government in the 2000–01 Budget, provides up to \$250 million over 13 years to help regional and remote commercial television broadcasters to introduce digital television services. The Plan meets half of both the capital costs and eight years' operating costs of the digital transmission of existing television services.

The Regional Equalisation Plan primarily comprises rebates against broadcasters' annual licence fees administered by ACMA. In the case of smaller regional and remote markets where there is less revenue and hence lower licence fees, the licence fee rebates are supplemented by cash grants administered by the Department. The grants assist licensees in these markets to achieve the level of Regional Equalisation Plan assistance agreed by the Australian Government.

To date \$151.5 million has been provided in Regional Equalisation Plan assistance, including \$24.1 million in 2006–07.

Some \$300 000 in supplementary grants was provided in 2006–07 under the Plan in smaller regional markets. A further \$360 000 in grants was provided in 2006–07 to the remote commercial broadcaster Imparja Television, to assist with the significant equipment costs it is incurring in advance of its digital conversion.

NetAlert Limited

Timely payments in accordance with NetAlert's funding agreement

Total funding provided to NetAlert in 2006–07 was \$535 000. This consisted of \$500 000 'core' funding and \$35 000 for the Budget Estimates Framework Review which enables NetAlert to meet its Budget reporting obligations. A further funding allocation of \$4.9 million over three years from 2006–07 is to be made available to ACMA for NetAlert related activities under the Australian Government's Protecting Australian Families Online Project. The Australian Government has decided to merge NetAlert with ACMA.

Community broadcasting training fund

Access to training by targeted groups

The Community Broadcasting Foundation was provided with \$600 000 in 2006–07 to implement the Training Fund. Four rounds of Broadcast Training and Pilot Training Projects grants have been offered and trainees from 54 stations were funded to undertake 2550 hours of accredited training.

Five pilot training projects were funded to a total of \$205 830. The projects included the use of web-based technology in the delivery of training to remote Indigenous communities, a training model for engaging disadvantaged target groups and the development of podcast training resources.

In the area of training resource development, a national registry of trainers is being developed to allow community broadcasting stations access to up-to-date information about accredited trainers in their local area.

Funding has also been provided for the development of resources for use in the delivery of community broadcasting-specific management training expected to be completed in the final quarter of 2007.

Once the resources for management training delivery have been finalised, the rollout of management training grants will begin. It is expected that this will commence by the end of 2007.

Community broadcasting transmission support

Access to broadcasting services by community broadcasting audiences

Funding of \$1.5 million was provided to the Community Broadcasting Foundation in 2006–07 to assist community radio broadcasters with transmission costs. The Community Broadcasting Foundation held two funding rounds and made 178 grants to community broadcasters located in urban, regional and remote centres across Australia.

ICT Centre of Excellence program

The Department jointly administers, with the Australian Research Council, funding arrangements for the ICT Centre of Excellence, National ICT Australia (NICTA). Two tranches of funding have been provided under the Australian Government's *Backing Australia's Ability* measures. The first tranche totalled \$124.8 million over 2001–02 to 2005–06. The second tranche comprises \$249.48 million over 2006–07 to 2010–11. Of the \$124.8 million provided by the Australian Government under the first funding deed with National ICT Australia Ltd, 49.92 per cent was

paid by the Department, while the Department will pay exactly 50 per cent of the \$249.48 million in contributions to be provided under the second funding agreement.

NICTA's mission is to undertake information and communications technology research at the highest international standard and scale. It conducts research training through an enhanced PhD program, has a key objective of commercialising its own research and forges mutually beneficial links with private sector research organisations, major corporations, small and medium enterprises and public sector agencies.

Quantity and quality of research, research training, collaboration and commercialisation

At 30 June 2007, NICTA had 142 researchers and 83 technical support staff working on a portfolio of 51 research projects across 14 programs at laboratories in Brisbane, Canberra, Melbourne and Sydney.

NICTA published 170 research papers in peer-reviewed journals during 2006, an increase of 44 from 2005. A further 475 papers were presented at major international conferences and published in conference proceedings over the 2006 calendar year.

NICTA's International Science Advisory Group and International Business Advisory Group were very satisfied with NICTA's progress over the past year. A key feedback point was that NICTA had now moved from the 'launch' to the 'boost' phase.

NICTA has developed research themes of embedded systems, making sense of data, managing complexity and networked systems. Within these

themes, specific projects are being progressed which are in accordance with the Australian Government's National Research Priorities including smart transport, water management and information productivity.

Research training

At 30 June 2007, 297 students were endorsed under the NICTA program, a decrease of five from 2006, and 37 PhD students graduated.

Collaboration and commercialisation

Through its networks and linkages activity, NICTA aims to increase its impact and results by working with targeted research, government, education, industry and domain partners. In 2006 NICTA formed strong cooperative relationships and established joint projects for national and international benefit with SMEs, research institutions in Australia and overseas, multinational corporations and ICT users and producers. See www.nicta.com.au/director/collaboration.cfm for more details.

In 2006, NICTA achieved strong results through its commercialisation process, including:

- + eight market validation grants
- + two proof-of-concept grants
- + two commercialisation development investments
- + one spin-off company.

NICTA researchers submitted 42 invention disclosures and filed 26 provisional and 12 complete patent applications in 2006. Fourteen Patent Cooperation Treaty (International) applications have been made.

In 2006–07, NICTA continued to receive external revenue from cash and in-kind

support from a number of commercial partners and direct payment for services provided, in addition to contributions from its members.

Advanced Networks Program

The Advanced Networks Program was announced in 2000–01 as part of the \$158 million Building on IT Strengths program, funded from the proceeds of the partial sale of Telstra. Funding for the program was \$37.2 million over three years from 1999–2000 to 2003–04 to support three projects—the Centre for Networking Technologies for the Information Economy (CeNTIE), Grid and Next Generation Network (GrangeNet) and m.Net. Additional funding of \$20 million was provided for three years from 2004–05 to 2006–07 under *Backing Australia's Ability—Building our Future through Science and Innovation*.

The program's objective was to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. It supported the development, trialing and demonstration of advanced networks, experimental networks and testbeds.

GrangeNet ceased operations at the end of November 2006. Most of its users migrated to the AARNet3 network. CeNTIE and m.Net concluded their Advanced Networks Program activities in June 2007.

High use of facilities

The Advanced Networks Program networks have been used extensively in research and applications development.

CeNTIE built on network and applications research to develop and demonstrate new business systems covering e-health, digital media, enterprise systems and regional Australia connectivity.

GrangeNet supported research projects in Instrument Grid and tele-science, Computational Grids, Access Grids, Data Grids, collaborative working and Grid middleware/security. The projects served researchers in areas including particle physics, linguistics and sports coaching.

Eighty application and content development companies worked under the m.Net structure to develop and commercialise rich-media mobile services. m.Net has established marketing relationships with overseas firms to internationally market Australian output and has expanded its position as a mobile services enabler for carriers and media companies.

Facilities have had positive impact on the work of researchers

In 2006–07, the Advanced Network Program projects facilitated a significant amount of research activity.

CeNTIE conducted research in network technologies, virtual environments, trusted systems, continuous media web services, telepresence systems and developed and trialed leading edge broadband applications to enable next generation information economy business systems. CeNTIE's major commercialisation outcomes achieved in 2006–07 included the Virtual Critical Care Unit with Telstra and the haptic surgical training system with Medic Vision.

GrangeNet delivered opportunities for collaboration between Australian researchers using Australia's first high performance optical research network. This offered a framework for the development of Grid services, the opportunity to test-drive high-speed networks and an incentive to explore novel techniques and forge new collaborations. GrangeNet has provided

networking solutions and storage on-demand and promoted the uptake of IPv6.

Commercial carriers have implemented 3G mobile telephone applications following m.Net's pioneering of the technology in Australia. m.Net continued its range of activities supporting the testing, trialing, demonstration and commercialisation of next generation wireless broadband applications and mobile content development, mobile services software programs, a mobile applications development course at universities and a marketing program.

Leveraging of non-Australian Government external funding

In accordance with the funding agreements for the GrangeNet and m.Net projects, during the initial three years of the program the Australian Government's investment of \$37.2 million was supplemented by more than \$71 million in cash and in-kind contributions from the projects' consortium members. The Australian Government's funding of \$20 million during the second phase of the program was supplemented by nearly \$17 million in cash and in-kind in contributions from the project consortium members.

In addition, and in accordance with the funding agreement for the CeNTIE project, the CSIRO contributed more than \$29 million in cash and in-kind contributions during the initial three years, and more than \$10 million during the second phase of the program.

Contribution to national backbone network for research and education

The networks established by CeNTIE and GrangeNet under the first phase of the program provided the first very

high-capacity (10 gigabits per second) network in the Southern hemisphere. The two organisations interconnected to form a national research backbone from Brisbane to Perth.

In 2006–07 this backbone continued as the principal national high-capacity research link, with GrangeNet users migrating to the new AARNet3 network as the GrangeNet network closed.

Expertise in operating advanced networks developed through the Advanced Networks Program has been a major contributor to the Australian Government's National Collaborative Research Infrastructure Strategy administered in the Education, Science and Training Portfolio.

ICT Incubators Program

ICT start-up companies assisted

From 1 July 2006 to 31 March 2007, the eight ICT incubators across Australia considered 482 applications of which 14 ICT start-ups were accepted as incubatees and 17 others reached graduate status. As shown in figure 2.31, since 2000–01, incubators have considered 5936 applications of which 422 ICT start-ups were accepted as incubatees and 269 of those became graduates of the program by meeting agreed business milestones.

Stronger ICT commercialisation

In the nine months to March 2007 the ICT incubators reported raising \$39.8 million in private co-investment for incubatees. In addition, incubatees successfully applied for a further \$7.7 million in government grants. Overall total co-investment raised since 2000–01 is \$333 million.

Figure 2.31 Applications, acceptances and graduates from the ICT Incubators Program (ICTIP) and the former Building on IT Strengths (BITS) Incubator program

	Up to 2000–01 BITS	2001–02 BITS	2002–03 BITS	2003–04 BITS	2004–05 ICTIP	2005–06 ICTIP	2006–07 ICTIP (to Mar 2007)	Total*
Applications	1516	1110	927	656	633	612	482	5936
Acceptances	64	98	102	81	33	30	14	422
Graduates	4	32	88	64	36	28	17	269

* Numbers above revised from previous years as full year figures became available.

NB There were 11 incubators under the BITS Incubator Program while the ICTIP has eight.

Impact of funding

The ICT Incubators Program addresses an identified market failure where venture capital and other finance providers have historically displayed reluctance to invest in early-stage ICT companies. Consequently, ICT start-ups have found it difficult to locate capital providers, develop networks, leading-edge customers and other business partners and obtain business development advice in their critical early years.

The program has generated positive outcomes. By 2005–06, incubators reported that incubatees had generated a total of \$119 million in annual revenues, \$76 million in exports and an employment increase of over 120 on 2004–05. In addition, incubatees have been recognised in a number of local and international industry awards.

Information Technology Online

Innovative projects funded under the Information Technology Online Program

The Information Technology Online Program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small-to-medium enterprises. Since 1996, the Australian Government has allocated more than \$15.4 million to 131 innovative projects. The program concluded on 30 June 2007.

Projects completed successfully

In 2006–07, seventeen e-business projects from the agriculture, theatre, arts, transport, health, construction and building industry sectors were successfully completed. These projects spanned a number of sectors and addressed a variety of different business problems and challenges through e-business solutions. Project profiles from all funding rounds can be found at www.dcita.gov.au

There were no projects remaining to be completed at 30 June 2007.

Take-up of business-to-business e-commerce by business in targeted sectors

The projects conducted over the life of the Information Technology Online Program have helped highlight the practical application of ICT innovation across the economy. They have made an important contribution to the take-up of business-to-business e-commerce solutions by encouraging a wide range of stakeholders to consider the potential of e-business to lift productivity and effectiveness. The projects have also contributed to a substantial amount of learning and experience gathering in e-business across a variety of sectors.

Electronic media research

Timely payment in accordance with agreement with ACMA

Funding of \$200 000 was appropriated to the Department in the 2006–07 Budget to administer a research project into the long-term psychological effects of the media on children, families and society. The funds were provided to ACMA in March 2007 to conduct this project. ACMA is to report to the Department by the end of July 2007 on the outcome of the research project.

NetAlert—Protecting Australian Families Online

The adoption of filter technology amongst Australian internet-enabled households with dependent age children

Increased parental awareness of online safety issues concerning dependent age children

Information about this program is included in the Outcomes Section dealing with NetAlert—Protecting Australian Families Online program (page 92).

Output 3.1

Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in ICT.

During 2006 the Department's output structure was revised to ensure greater alignment in the way that the Department operates, and the four outputs were consolidated into a single output covering broadcasting, ICT, postal services and telecommunications. This change was reflected in the Department's 2006–07 Portfolio Additional Estimates Statements.

High quality program administration

The programs administered by the Department in this output address broadcasting, ICT and telecommunications needs. A detailed discussion of program administration in relation to each specific program is set out under Outcome 3—administered items. Comments are set out below in relation to additional aspects of program administration.

Broadband Connect Incentive Program, Metro Broadband Connect and the Australian Broadband Guarantee

The Broadband Connect incentive program, Metro Broadband Connect and the Australian Broadband Guarantee have been supported by the Broadband Customer Online Management System and the Broadband Service Locator. These facilities were developed based on geospatial software allowing for self directed analysis of customer eligibility and lodgment of service provider subsidy claims. The facilities use geospatial analysis of service coverage areas and customer locations to provide the Department with extensive analysis and reporting capabilities in relation to service provider behaviour. The development of this capability received favourable comment in a recent report by the Australian National Audit Office.

Community broadcasting

Funding to the community broadcasting sector is provided through the Community Broadcasting Foundation—an independent, non-profit company. The Foundation distributes funds to community broadcasters through a range of grant programs. In 2006–07, \$7.8 million was paid to the Foundation to allocate and distribute.

In 2006–07 all milestones and acquittal requirements for Australian Government funding were met within the required timeframes.

Intelligent Island Program

During the year the Department and the Tasmanian Department of Economic Development continued to jointly oversee the implementation of the Memorandum of Understanding that governs the \$40 million Intelligent Island Program. The Department of

Economic Development is responsible for administering the program.

Following extensive consultations with the Tasmanian ICT industry on the direction of the program, the Australian and Tasmanian governments announced in December 2005 that remaining Intelligent Island funds would be allocated between a proposed \$15 million ICT Centre and a new Market Access and Partnership Program.

The Tasmanian ICT Centre was established under a funding agreement signed by the Tasmanian Government and the CSIRO in September 2006. The Intelligent Island Program and the CSIRO will each contribute \$15 million to the Centre (CSIRO's contribution will be made up of \$11 million in cash and \$4 million in-kind). The Centre will conduct applied research in the areas of sensor networks, data management and robotics.

The Centre has progressed all of its initial research projects. It has established a PhD scholarship program with the University of Tasmania to support 10 candidates over the next five years and has conducted an initial set of workshops to explore issues around Tasmanian ICT industry engagement with the Centre. It has also established a Research Investment Advisory Council to guide the Centre's strategic research priorities.

The Market Access and Partnership Program is a competitive, merit-based grant program to provide up to \$18 million in grants through two categories of funding: commercial grants to help Tasmanian ICT companies to develop or market a product or service for export from Tasmania to interstate and overseas markets; and special project grants for activities of benefit to the broader Tasmanian ICT industry. A cap

of 10 per cent of total available program funding has been applied to special project funding.

High-quality and timely policy advice and ministerial services

Providing policy advice and support to the Minister for Communications, Information Technology and the Arts is a key function of the Department.

The Department provided the Minister with briefings on a wide range of issues in addition to those discussed in the outcomes. Examples of issues on which advice was provided to the Minister include:

- + new services and infrastructure, such as Next Generation Networks and VoIP
- + the High Court proceedings challenging the Constitutional validity of parts of the access regime in Part XIX of the *Trade Practices Act 1974*
- + telecommunications consumer issues such as the pricing of particular services, the Universal Service Obligation, the Customer Service Guarantee, the Network Reliability Framework, mobile premium services, the Low Income Measures Assessment Committee and the review of the *Spam Act 2003*
- + electronic and infrastructure security issues
- + governance of ACMA, in particular the review of ACMA's funding arrangements
- + legislation to implement digital radio in six state capital cities by 1 January 2009
- + the 2007–08 Budget decision to provide funding for community and national broadcasters to participate in digital radio

Case Study

The evolution of radio

Digital radio represents a new stage in the evolution of radio, offering the potential for a range of benefits for audiences and industry alike. These include better sound quality, image and text capabilities that could be applied to content such as news, sport and weather, as well as functions such as pause and rewind.

The development of a licensing and regulatory framework to enable radio listeners to benefit from digital radio has been a priority for industry and government alike.

Consultations and research on digital radio in Australia were initiated by the Australian Government in 2004, building on previous consultations and culminating with the release by the Minister of a policy framework to guide the introduction of the new technology in October 2005.

This framework was implemented through legislation passed by the Parliament in May 2007. The *Broadcasting Legislation Amendment (Digital Radio) Act 2007* and the *Radio Licence Fees Amendment Act 2007* amend existing legislation to enable the introduction of terrestrial digital radio services as a supplement to existing analogue radio. There is no intention to shut down analogue AM and FM radio services in the foreseeable future.

The legislation provides for the commencement of digital radio services by commercial, national and wide-coverage community broadcasters in the state capital cities by 1 January 2009. These broadcasts will be made using the Digital Audio Broadcasting technology and provision is made for the broadcasters to share the available digital radio spectrum. Other specific elements of the legislation include:

- + requirements relating to the nature and commencement of services for digital radio licensees
- + planning and licensing powers for the regulator, ACMA
- + an access regime to provide for fair access to the transmission facilities used for digital radio
- + a six-year moratorium on most new commercial digital radio licences.

- + legislation to introduce a regulatory framework for digital content provided through emerging services such as 3G mobile services
- + legislation to implement digital conversion for commercial television services in remote Western Australia
- + negotiations with commercial broadcasters about implementing digital television in remote central and eastern Australia
- + digital conversion of community self-help television facilities and satellite direct-to-home installations.

During 2006–07, the volume of ministerial correspondence more than doubled, with only a marginal reduction in the percentage delivered on time (see figure 2.32). Additional resources have now been allocated to this activity. There were also substantial increases in the number of ministerial submissions.

Effective client satisfaction and consultation

The annual client satisfaction survey conducted by the Department found that 74 per cent of the 486 clients who dealt with the Department on matters relating to telecommunications

were satisfied with the service provided. Satisfaction was also reported by 76 per cent of the 460 clients who dealt with the Department on matters relating to broadcasting services and 81 per cent of the 533 clients who dealt with the Department on matters relating to information and communications technology.

Further details on client satisfaction can be found in the management and accountability section of this report (see page 129). Due to the restructure of the Department and its outcome/output structure, it is not possible to compare levels of satisfaction from previous years.

Consistent with good policy development practice, the Department undertook consultation on a range of initiatives throughout 2006–07.

Introduction of Australian Broadband Guarantee

On 7 March 2007, the Minister announced the Australian Broadband Guarantee. Draft guidelines for both the Australian Broadband Guarantee (during a transitional period) and the full Australian Broadband Guarantee were made available on the Department's website for comment. The Department

Figure 2.32 Advice provided within agreed timeframes

Type of advice	2005–06 (end of year)		2006–07 (end of year)	
	Number	% on time	Number	% on time
Ministerial correspondence	2473	56	5432	53
Briefings				
+ Minutes initiated in the Department	760		850	
+ Meeting Briefs	139	87	157	86
Question Time Briefs	643	74	969	83
Parliamentary Questions on Notice	47	70	44	36

also sent draft guidelines to internet service providers registered under relevant programs and organised briefing sessions for potential applicants.

The Department incorporated feedback received into the guidelines and program design of the full Australian Broadband Guarantee which began on 14 August 2007.

Next generation network seminars

Next generation networks are internet protocol-based networks which promise to be more efficient and flexible than traditional communications networks. As part of a consultancy being conducted on behalf of the Department, Access Economics conducted two industry seminars during April and May 2007 examining the potential impact of next generation networks on the Australian telecommunications environment. Feedback from industry participants at the seminars helped to inform the consultancy's consideration of next generation network issues.

Communications Sector Infrastructure Assurance Advisory Group, Information Technology Security Expert Advisory Group and Trusted Information Sharing Network

The Department provided secretariat and policy support to the Communications Sector Infrastructure Assurance Advisory Group and the Information Technology Security Expert Advisory Group. These groups form part of the Trusted Information Sharing Network. The Trusted Information Sharing Network provides advice to government on critical infrastructure protection issues and creates an environment in which Government and industry can share security information across a range of key industry sectors.

International Telecommunication Union

In the lead-up to the 2006 Plenipotentiary Conference of the International Telecommunication Union, consultation on Australia's position occurred with a wide range of both domestic and international stakeholders. Consultation began 18 months before the event which was held in November 2006. A series of meetings was held with the key government agencies and industry and stakeholder views were incorporated into Australia's position for the Conference.

Compliance with accountability standards

Throughout the year, the Department provided formal and informal advice to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

On 16 May 2007, Australian National Audit Office Report No. 36 *Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1* was tabled in Parliament. This performance audit examined the management of the Higher Bandwidth Incentive Scheme, which operated from April 2004 to 31 December 2005, and the first stage of the Broadband Connect Program which operated from 1 January 2006 to 30 June 2006. The objectives of the audit were to examine if the Department had effectively planned and administered these programs and if the programs had achieved their objectives. The audit focused on the Department's activities to support the planning, implementation, monitoring and reporting of the programs.

The audit concluded that the programs had achieved their objective of achieving prices for higher bandwidth services in regional Australia that were comparable to metropolitan services. The Australian National Audit Office also found that the programs had achieved the supporting objective of promoting competition among higher bandwidth service providers in regional Australia, and largely achieved their objective of ensuring efficient use of funds by effectively targeting support to areas of need.

The audit found that the Department had established an appropriate management framework to administer the programs, including program guidelines that were comprehensive and provided a sound basis to guide the day-to-day operation of the programs. It also concluded that regular data speed testing was a particularly valuable initiative to ensure that providers continued to deliver quality services to customers.

While the audit concluded that the vast majority of claims for funding under the programs were valid, it also estimated that between \$10.6 million and \$12.4 million had been paid to providers for claims that were invalid or claimed at the incorrect rate. Two recommendations were made to enhance the administration of the programs. One recommendation related to reassessment of the eligibility of premises that were considered potentially ineligible, taking recovery action in relation to invalid claims and more rigorous assessment of eligibility of premises in future using independent information sources. The second recommendation related to the process for reconciling Allowable Cost Statements in providers' annual reports to the Department under the programs. The Department agreed to implement both recommendations.

Research and analysis activities that contribute to corporate objectives

The Department contributed to the Productivity Commission's research report *Public Support for Science and Innovation*, published in March 2007. The Department provided research and technical material on the role of ICT in innovation and its contribution to productivity growth, and participated in public forums. Two Departmental publications on these issues were released. *General Purpose Technologies and the Information Economy: an evolutionary approach to macroeconomic modelling*, released in July 2006, examines the effects that general purpose technologies have on Australia's pattern of productivity growth. *ICT and Productivity: Summary of DCITA Publications*, released in April 2007, summarises the extensive work undertaken by the Department in this area and was circulated to all members of Parliament.

During the year, the Department also undertook significant research into computer-aided automation with a view to publishing this work in mid-2007.

The Department provided substantial statistical and analytical benchmarking advice covering Australia's broadband performance, including in the preparation of the *Broadband Blueprint*.

Effective budget management

As identified in figure 2.21 on page 63, the overall price of output 3.1 was below budget. Included in the administered expenses budget for 2006–07 is an amount of \$13.6 billion reflecting the net loss on sale of Telstra, which was estimated on the basis of preliminary

accounting advice from the Department of Finance and Administration. Following finalisation of the accounting policy by the Department of Finance and Administration and the Australian National Audit Office, the Department recognised a net gain on the sale of assets in its 2006–07 financial statements, thus reporting a significant administered expenses variation to budget.

Managers conduct regular evaluations of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

