

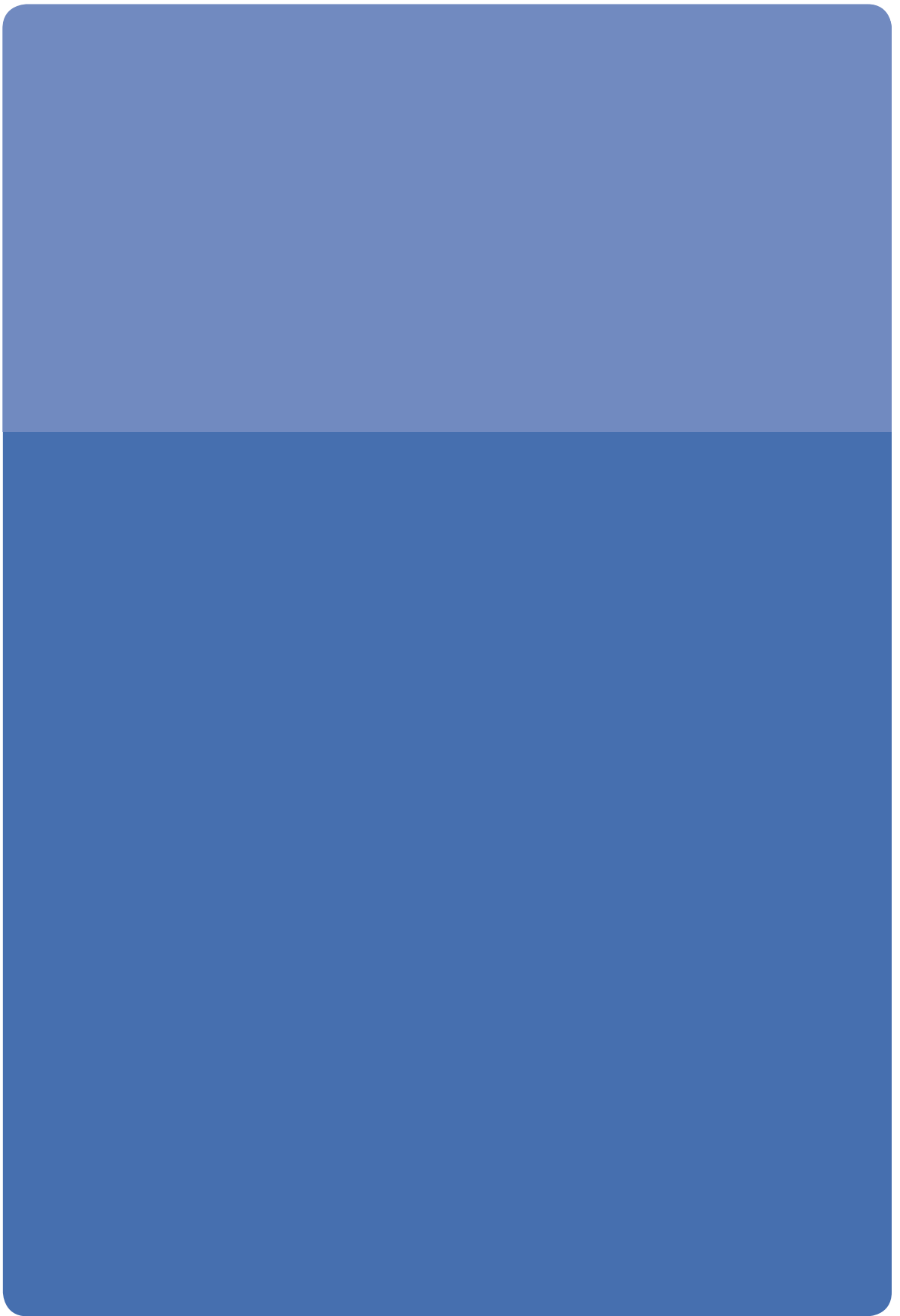
Performance review

SECTION 2

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Development of a rich and stimulating
cultural sector for all Australians

Outcome 1

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Output 1.1 44

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Resources for outcome

Outcome 1

Development of a rich and stimulating cultural sector for all Australians

	(1) Budget 2004–05* \$'000	(2) Actual 2004–05 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2005–06** \$'000	
Administered expenses (including third-party outputs)	155 575	153 535	-2 040	179 679	
Total administered expenses	155 575	153 535	-2 040	179 679	
Price of departmental outputs					
Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities, cultural collections and Indigenous languages	29 239	29 240	1	31 573	
Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	17 161	17 569	408	16 609	
Revenue from Government (appropriation) for departmental outputs	40 515	40 570	55	42 721	
Revenue from other sources	5 885	6 239	354	5 461	
Total price of outputs	46 400	46 809	409	48 182	
TOTAL FOR OUTCOME 1 (Total price of outputs and administered expenses)	201 975	200 344	-1 631	227 861	
			2004–05	2005–06	
Average staffing level				277	317

* Budget estimates as at 2004–05 Portfolio Supplementary Additional Estimates Statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements

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Output 1.1		49
Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities, cultural collections and Indigenous languages	44	34 (PAES)
Output 1.2		
Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	59	50

Achievement of outcome

Development of a rich and stimulating cultural sector for all Australians

Australia's distinctive culture reflects its experiences, history and sense of identity. It has ancient and diverse Indigenous cultures which include Indigenous languages and strong traditions in the visual and performing arts. Australians share and enjoy cultural expressions and are keen participants in, and audiences for, arts activities.

The cultural sector in Australia is multi-faceted, active and innovative, practising both traditional and contemporary artforms. Arts organisations range from major national companies of world renown

to small groups with local audiences. Individual Australian artists have built world-class careers. Galleries, museums, libraries and archives can be found around Australia and vary from small, themed museums to significant national institutions. Australia's film industry is well established and highly regarded internationally.

The Australian Government provides support to arts practitioners and the national cultural institutions and supports access to arts and cultural activities for Australians across the country. In recent years there have been a number of significant reviews of different elements of the cultural sector which have resulted in additional funding and strategic policy change.

The Department provides advice to the Government on cultural policy issues and works closely with portfolio agencies and other departments to develop and implement cultural policy for the Government. It directly manages Old Parliament House, the National Portrait Gallery and Artbank which form part of the Department. It also provides support for the national cultural institutions such as the National Gallery of Australia and the National Library of Australia.



The Minister for Communications, Information Technology and the Arts, Senator Helen Coonan, meeting with the Irish Minister for Communications, Marine and Natural Resources, Noel Dempsey TD

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

Government support for cultural activities has the twin objectives of enabling arts organisations and practitioners to achieve excellence in their artform and enhancing the community's access to cultural activities.

While significant direct support for arts organisations and practitioners is provided by the Government through funding agencies such as the Australia Council for the Arts and the Australian Film Commission, some key cultural programs are administered directly by the Department. These include a range of programs aimed at enhancing community access to Australia's cultural experiences, and several tax incentive programs for the cultural sector generally and the film sector in particular.

Efficient and effective administration of the cultural touring programs and the Regional Arts Fund is a key activity for the Department. The touring programs, including the Contemporary Music Touring Program, Festivals Australia, Playing Australia and Visions of Australia, and the Australian Film Commission's Big Screen, continued to support access to quality cultural experiences, particularly in regional and remote areas, and provided opportunities for smaller arts companies,

including those from outside the major capitals, to undertake touring. Funding was provided to major organisations such as the Australian Ballet and the National Gallery of Australia and to smaller organisations such as Co-Opera Inc and the Orange Regional Gallery, making a wide range of arts programming available to audiences in all states and territories.

The Government increased funding for the successful performing arts touring program Playing Australia by \$2 million a year in the 2004–05 Budget.

In addition, in December 2004 the Government provided further funding of \$5.4 million over four years to expand the Regional Arts Fund and to continue the Creative Volunteering—No Limits program, which provides funding to increase the professional skills of volunteer workers in the arts and collections sector in regional and remote Australia. This increased the Regional Arts Fund allocation to \$16.1 million over four years.

As part of the No Limits program expansion, two new course modules will be developed, one on governance and one on people and partnerships. The Department works closely with Regional Arts Australia to ensure the success of the Creative Volunteering program in each state.

The fourth OZeCulture conference, held in Byron Bay, New South Wales, from 6 to 8 April 2005, promoted developments in e-culture, creative industries and

e-business to people in regional Australia. The conference featured Australian and international keynote speakers on a broad range of topics about the latest developments, opportunities and challenges for creative industry practitioners. This is the first time the conference has been held in regional Australia.

The Department continued to work closely with the Australia Council and state and territory arts agencies to support excellence in arts practice.

A major review of the orchestral sector was completed. The review panel, chaired by Mr James Strong and including Professor Malcolm Gillies and Mr Peter Grant, was supported by staff of the Department and the Australia Council. The *Orchestras Review 2005* recognised the important contribution Australia's major symphony, opera and ballet orchestras make to the cultural life of the nation, and made recommendations to enhance the sustainability of the orchestras over the next decade and to improve their financial and artistic outlook. The majority of those recommendations have been accepted by Government and will be implemented in 2005–06. Funding of up to \$25.4 million to over four years was announced in the 2005–06 Budget.

The Department and the Australia Council continued to monitor the implementation of the recommendations of the 1999 Major Performing Arts Inquiry. Recognising the financial challenges faced by the major

performing arts organisations, the 2005–06 Budget included a commitment of an additional \$3.9 million over four years for the major performing arts companies to improve their financial stability.

The Department has continued to oversee the implementation of the 2003 Visual Arts and Crafts Strategy, an agreement between the Australian Government and state and territory governments in response to the *Report of the Contemporary Visual Arts and Crafts Inquiry* (the Myer report) which resulted in a \$39 million increase in funding. In its second year of funding, the strategy continued to make a significant impact on individual visual artists and craft practitioners, and on more than 30 organisations in the sector around the country.

The Department continued to support the sustainability of Australia's elite arts training organisations by administering grants to these organisations. In February 2005, the Department briefed the Australian Roundtable for Arts Training Excellence on strategic and business planning requirements and gave feedback to the individual arts training organisations on their business plans.

A significant change for this outcome in 2004–05 was the transfer to the Department of Indigenous cultural programs, formerly delivered by the Aboriginal and Torres Strait Islander Services agency. In 2004–05, the Department managed total funding

of \$18.9 million (of which \$9.6 million was the Department of Immigration and Multicultural and Indigenous Affairs component) to support Indigenous visual art and craft, culture and languages programs. Indigenous peoples' access to culturally appropriate services was significantly increased by these programs. By supporting Indigenous art centres, for example, a significant number of established and emerging Indigenous visual artists were able to produce art works, develop their skills, and have their work promoted and sold. This in turn contributed to Australian and international audiences gaining an increased understanding of the richness and diversity of Australian Indigenous cultures.

The Department supports the sustainability of regional collections and collecting institutions through the initiatives of the Cultural Ministers Council which are administered by the Department, and by working in partnership with the national collecting institutions.

During the year the Department managed, on behalf of Cultural Ministers Council, a major redevelopment of the Collections Australia Network, an online resource for regional collecting institutions. The network provides a gateway to more than 1500 museums, galleries, archives and libraries throughout Australia.

The Collections Council of Australia was established to provide strategic advice to cultural ministers on the issues facing

galleries, libraries, archives and museums. The Department provided initial secretariat support for the council.

The Department supported the Community Heritage Grants Program, a joint initiative with the Australian Film Commission, the National Archives of Australia and the National Library of Australia. Fifty-five grants were awarded to community organisations and collecting institutions to preserve significant objects within their collections.

The Department also supported the Maritime Museums of Australia Project Support Scheme, administered by the Australian National Maritime Museum. Twelve grants worth a total of \$30 000 were provided under the scheme to non-profit maritime museums and historical societies to assist them to conserve and display their maritime heritage. Since the scheme was initiated in 1995, a total of 113 projects across Australia have been supported.

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

The Old Parliament House is an iconic heritage building and an important part of Australia's history, and is symbolic of the development of Australian democracy. It is a landmark Canberra attraction, much loved by Australians, in particular those

Outcome 1—Achievement of outcome

associated with the building during the long period when it housed the Australian parliament.

The National Portrait Gallery is the newest of Australia's national cultural institutions, having opened in Old Parliament House in 1999 and at Commonwealth Place in 2002, but it has already developed a significant collection and 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.

Old Parliament House and the National Portrait Gallery continued to extend their audience reach during the year through new in-house exhibitions and programs, travelling exhibitions and website access. There was a 23 per cent increase in the number of visitors to Old

Parliament House and Commonwealth Place compared with the previous year and increases of more than 160 per cent in visits to the Old Parliament House and National Portrait Gallery websites.

A program of special events and activities throughout the year, including a very successful open day and the 78th birthday celebrations, attracted large numbers of visitors to Old Parliament House.

Collections held by the National Portrait Gallery and Old Parliament House continued to grow as a result of commissions, purchases and donations.

Old Parliament House's five-year program of capital works for the conservation and restoration of the building continued in 2004–05. In the longer term, the building works will greatly improve access and enhance the visitor experience.



Megan Rogers, Heritage Officer, Old Parliament House, in the Government Party Room with figures of former prime ministers Sir Robert Menzies and Joseph Lyons

Administered items

Touring programs

Impact of funding

The Department's management of the national cultural touring programs is directed towards ensuring that audiences around the country, particularly those in regional and remote areas, have expanded opportunities to see and experience Australian artists and arts projects.

During 2004–05, funding of more than \$8.96 million was approved by the Minister for the Arts and Sport for 249 cultural projects supported through the Playing Australia, Visions of Australia, Festivals Australia, Contemporary Music Touring and Big Screen programs. The approved projects covered a range of

artforms and styles and supported tours to all states and territories. Examples of the projects approved are set out below.

- The Queensland Music Festival received \$25 000 for a performance-based project, *Ballet of the Bobcats*, presented in Mount Isa.
- The Denmark Arts Council in Western Australia received \$11 600 to produce an artwork, *The Six Seasons*, involving an Indigenous artist collaborating with Indigenous and non-Indigenous members of the community, presented at the Brave New Worlds 12 Festival.
- Support of \$257 050 enabled Playbox Theatre Company to tour their production of *Minifields and Miniskirts*



The Minister for Arts and Sport, Senator the Hon Rod Kemp, meeting with the Festivals Australia committee: from l to r Kim Hanna, Barry McNamara, Susan Richer, Michael Harris, Senator Kemp, Marcus Canning (Chairperson), Darren McCubbin

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 Outcome 1—Administered items

to 25 venues in five states and two territories.

- Songwriter and performer Mishelle Bradford Jones received \$9580 to tour 11 venues in Queensland to perform music from her debut album *Firefly*.
- Art on the Move received \$27 720 to tour *Pojagi and Beyond*, an exhibition of Korean-style textiles created by Australian fibre artists. The exhibition is touring to 12 venues across Australia, including regional and remote areas such as Broken Hill, Katanning, Port Hedland and Tamworth.

More than 90 per cent of performing arts, festivals and contemporary music grant recipients surveyed during 2003–04 considered the programs critical for building organisational capability, assisting skills transfer, developing artistic careers and contributing to future sustainability. The 2004–05 acquittals ranked Visions of Australia's role in building organisational

capability as good (56 per cent) or outstanding (43 per cent).

The number of locations and types of tours funded across regions in 2004–05, set out in figure 2.1, demonstrates the broad impact and significance of the major touring programs

The Government provided an additional \$2 million a year to Playing Australia in the 2004–05 Budget. This initiative responds to demand from communities across Australia and will increase funding to around \$5.8 million a year, enabling more tours to be funded, particularly to regional and remote communities.

The 2005–06 Budget provided funding of \$1.5 million over three years to establish Regional Residencies, a new initiative of the Festivals Australia program. The Department will administer the additional funding, which will help to extend the impact of the program to

Figure 2.1 Number of metropolitan (M) and regional (R) locations visited by touring exhibitions and productions, 2004–05

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	12	0	29	92	27	46	14	1	18	48	0	7	14	28	8	6
Playing Australia	12	0	33	121	41	107	9	32	12	129	14	19	19	71	10	15
Visions of Australia	2	0	6	47	11	27	8	9	8	16	3	3	6	16	4	3

regional communities with artists working with local communities to develop an Australian story relevant to the community or region. Work commenced in 2004–05 on implementing this new initiative, including developing program guidelines and selection criteria.

The Big Screen travelling Australian film festival visited 18 regional centres around the country, reaching 14 990 people. This brings the attendance for Big Screen events since 2001 to more than 89 000 people in 48 regional centres. Films screened included the silent classic *The Sentimental Bloke*, and new releases such as Paul Cox's *Human Touch*. Many guests associated with the films attended different screenings including actors Gary Sweet, Michael Caton and Chris Hayward.

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 that equips Australians for performance roles and in performance support areas such as direction and costume design.

Seven national performing arts training organisations received funding totalling \$14.8 million in 2004–05. Funding is

provided from the Cultural Development Program through comprehensive funding agreements, which set out the outputs and reporting obligations of the organisations.

The organisations funded in 2004–05 were:

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

Funding of \$1.62 million was also provided for capital works and maintenance on the National Institute of Dramatic Art building, which is owned by the Commonwealth.

In 2004–05, all training organisations achieved results consistent with the terms of their funding agreements, and acquitted their payments within the specified timeframes.

Nine hundred and twelve students were enrolled in the training organisations in 2004–05. Many graduates of the training institutions found work in their chosen fields, including with prestigious national and international companies. For example, three graduates from National Institute of Circus Art now

work with Cirque du Soleil and 11 of 17 graduates from the Australian Ballet School have found permanent employment with leading dance companies.

The National Aboriginal and Islander Skills Development Association, under the leadership of its board, undertook considerable reforms in this period. New structures and procedures were implemented, including changes to business operations and management, curriculum and student support systems.

Commonwealth and public companies

Efficient and timely administration of funding agreements and reporting arrangements

The Department administers grants to a small number of companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out in figure 2.2 below.

In 2004–05, all institutions met their respective reporting requirements and payments were acquitted for the most part within the specified timeframes.

- The Film Finance Corporation invested \$87.9 million in a diverse slate of feature films, television drama and documentaries, which generated a total production value of \$228.6 million. A major strategic development was the introduction of a two-door evaluation and marketplace system for feature film funding, aimed at improving the quality and audience reach of projects receiving Film Finance Corporation investment.
- Film Australia Limited delivered 20 National Interest Program points consistent with its obligation to produce 100 program points under the five-year contract with the Department.
- The Australian Children's Television Foundation opened up new overseas markets for its Kahootz multimedia project.

Figure 2.2 Funding allocated to Commonwealth and public companies

Institution	2002–03	2003–04	2004–05
	\$m	\$m	\$m
Film Finance Corporation Australia	57.500	60.500	65.500
Film Australia Limited*	9.809	9.993	10.848
Australian Children's Television Foundation	2.434	2.472	2.511
Ausfilm	1.000	1.023	1.047
Bundanon Trust*	—	0.204	0.436
Australia Business Arts Foundation*	1.600	1.665	1.652

* These entries include supplementation provided in 2003–04 and 2004–05 to cover expenses associated with implementing the Government reporting requirements under the budget estimates framework review and supplementation for insurance provided by Comcover.

- Ausfilm continued to promote and market Australia internationally as a destination for film-making. In 2004–05, nine foreign feature films, three co-productions and one foreign television production were made in Australia.
- There was continued strong growth in participation in the access and education programs of Bundanon Trust, with an overall increase of eight per cent compared with 2003–04.
- The Australia Business Arts Foundation exceeded planned targets in many of its programs including state chapter activities, skills development, and business skills volunteering programs. The joint Business Arts Foundation and Australia Council cultural philanthropy initiative, Artsupport Australia, launched the new publication *Building relationships and securing donations: a guide for the arts*, an important resource for arts and cultural organisations.

During the year, the Department worked with relevant companies on the development of their respective 2004–05 corporate plans for the Minister's approval.

The Department provided ongoing advice and assistance to the smaller Commonwealth companies, Film Australia Limited, Bundanon Trust and the Australian Business Arts Foundation, on a range of issues including reporting and governance requirements, financial reporting and grant management.

Cultural Ministers Council and related initiatives

The Cultural Ministers Council is the ministerial forum for the exchange of views on issues affecting cultural activities in Australia and New Zealand. The Cultural Ministers Council provides a forum for cultural cooperation between the Australian Government, Australian states and territories and New Zealand. It comprises the ministers responsible for cultural activities in the Australian Government, the Australian states and territories and New Zealand. Cultural ministers from Papua New Guinea and Norfolk Island and a representative from the Australian Local Government Association have observer status.

The Cultural Ministers Council Standing Committee met in November 2004 and preparations were made for the council to meet in early August 2005. The Department provided secretariat support to the the council, the standing committee and the Statistics Working Group, a subcommittee of the standing committee. In addition, the majority of Cultural Ministers Council initiatives are managed by the Department on behalf of the council. These initiatives can at times require significant investment of departmental staff resources.

Key initiatives undertaken

The Collections Council of Australia was established as an independent forum to address strategic issues across the collections sector. Its main role includes industry development, support and projects, which include developing long-term strategies to address issues facing collections, industry support through developing a profile for the sector at national and international levels, and implementing initiatives to address cross-sectoral issues. The Department also administers a funding agreement with the Collections Council on behalf of the Cultural Ministers Council, and acted as the Collections Council's interim secretariat until 18 March 2005.

The Department administers the Return of Indigenous Cultural Property program on behalf of the Cultural Ministers Council. The Return of Indigenous Cultural Property program funds major state and Northern Territory museums and the National Museum of Australia to expedite the repatriation of Australian Indigenous human remains and secret sacred objects from their collections to Indigenous communities of origin. Return of Indigenous Cultural Property is designed to augment existing museum repatriation activities.

By April 2005, more than 950 ancestral remains and more than 1060 secret sacred objects had been returned to Indigenous communities since the program commenced in 2001. Participating museums have advised that all relevant communities have been informed of their holdings. Progress has been slower than anticipated, however, because of the complexities associated with the program and the need for extensive consultation with Indigenous communities on very sensitive issues.

During 2004–05, the Department continued to administer the contract for the delivery of the Collections Australia Network (formerly Australian Museums and Galleries Online) on behalf of the Cultural Ministers Council as an online resource for use across the collections sector. During this time the website was redeveloped and expanded to include the archives, galleries, libraries and museums sectors. Use of the Collections Australia Network has continued to climb, averaging 4494 daily user sessions in May 2005, a 13 per cent increase on May 2004.¹

¹ May 2004 and 2005 Australian Museums and Galleries Online figures used here as monitoring were migrated to the new website in early June 2005. As both sites are currently operational, comprehensive daily use figures will not be available until the Australian Museums and Galleries Online website has been archived.

Public Lending Right and Educational Lending Right schemes

Increased access to Australian books in public and educational libraries

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 is ongoing. The Educational Lending Right program was established in 2000 as a component of the Books Industry Assistance Plan. In the 2004–05 Budget, the Government announced funding of \$44 million over four years to continue the Educational Lending Right program

The number of titles registered with the Public Lending Right program that received a payment in 2004–05 was 21 408, while 33 565 titles were registered with the Educational Lending Right program. Payments were calculated from the results of the annual sample surveys of books held in public lending libraries and educational lending libraries.

While the total number of public lending right payments to creators and publishers has increased steadily, there has been a

Figure 2.3 Public lending right payments

	Number of payments made		Publishers	Total payments \$m
	New claimants	Creators		
2002–03	429	8384	319	6.259
2003–04	403	8409	328	6.501
2004–05	412	8605	344	6.817

Figure 2.4 Educational lending right payments

	Number of payments made		Publishers	Total payments \$m
	New claimants	Creators		
2002–03	494	7311	283	9.300
2003–04	411	7981	304	10.230
2004–05	540	8681	314	10.377

significant increase in new claimants with the Educational Lending Right program as the program becomes more widely known and as publishing in the educational sector continues to expand in Australia. The Public Lending Right program, on the other hand, is a mature program that is well known among creators. This means that significant rises in the numbers of claimants are less likely. Payments under the Public Lending Right and Educational Lending Right programs are set out in figures 2.3 and 2.4.

When asked about their satisfaction with the Department's service, 79 per cent of annual client survey respondents in the lending rights schemes group rated their satisfaction as good or excellent.

Art Indemnity Australia

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

Art Indemnity Australia is the program through which the 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. An additional \$6.1 million was provided to Art Indemnity

Australia in the 2004–05 Budget to purchase insurance coverage for material (or cultural property) loaned for major cultural exhibitions touring Australia. This brings total funding for Art Indemnity Australia to \$12.7 million over four years.

In 2004–05, Arts Indemnity Australia indemnified the following exhibitions.

- *John Glover and the Colonial Picturesque*
- *The Edwardians: Secrets and Desires*
- *The Impressionists: Masterpieces from the Musée d'Orsay*
- *Dutch Masters from the Rijksmuseum, Amsterdam*

Over the past four financial years there have been no indemnity claims under the Art Indemnity Australia program. The program aims to achieve an equitable geographic spread of exhibitions over time. In 2004–05, Arts Indemnity Australia provided access to cultural exhibitions in a number of states and the Australian Capital Territory.

During the year, as shown in figure 2.5, there were fewer venues for, and a more limited geographic spread of, indemnified exhibitions compared with the previous two years, when the indemnified exhibition *Out and About* toured works of art from the National Gallery of Australia's collection to state and regional galleries. Rather than touring to a small number of venues, *Out and About* toured individual major works to a larger number of venues.

Case study

The Petrov Affair exhibition at Old Parliament House

On 12 August 2004, the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, opened an exhibition about the Petrov Affair at Old Parliament House—the building where much of the drama of the affair had unfolded 50 years earlier.

Senator Coonan observed that few events in Australia's political history have captured the imagination of more Australians than the Petrov Affair.

On 3 April 1954, at the height of the Cold War, Vladimir Petrov, the Third Secretary at the USSR Embassy in Canberra and a Soviet intelligence agent, defected to Australia. Petrov had been spying on Soviet citizens and attempting to infiltrate and destabilise 'anti-Soviet emigre communities'.

He produced documents containing evidence of Soviet espionage in Australia.

Petrov kept the defection a secret from his wife, Evdokia Petrov, who was also a Soviet intelligence officer. After her husband's defection, she was detained at the Soviet Embassy. On the morning of 19 April, she left the Soviet Embassy bound for Sydney's Mascot Airport to take a flight home.

Many Australians believed that Mrs Petrov was being forced to return to Russia and, as the wife of a Communist defector, she would face certain execution there. By the time she arrived at the airport with her Soviet security escorts a large and angry crowd had gathered to save her.

Flanked by her guards, Mrs Petrov was led to the plane. While the plane was in flight, ASIO made arrangements to offer Mrs Petrov political

asylum when her plane touched down in Darwin, its last Australian stop.

The Old Parliament House exhibition describes the Petrovs' life in Australia during the Cold War. Visitors could relive Mrs Petrov's dramatic departure scene at Mascot Airport, where she lost one of her shoes.

The exhibition displayed material never before seen in public, such as the famous Documents H and J which contain evidence of Soviet espionage in Australia, secretly taken photographs, and ASIO recordings of conversations between spies and counterspies.

The Petrov Affair is an example of an Old Parliament House exhibition bringing Australian history alive. It has been one of its most popular exhibitions, attracting more than 52 000 visitors.



Members of the public enjoying the Petrov Affair exhibition at Old Parliament House

Figure 2.5 Art Indemnity Australia—number of venues and geographic spread

	2001–02	2002–03	2003–04	2004–05
ACT	2	1	3	2
NSW	1	3	2	0
VIC	2	3	2	3
TAS	0	2	1	1
SA	0	0	4	2
WA	1	1	2	0
NT	0	2	1	0
QLD	0	2	1	0
Total number of venues	6	14	16	8

Source: Art Indemnity Australia managing organisations

Figure 2.6 Art Indemnity Australia—number of visitors to indemnified exhibitions

2002–03	2003–04	2004–05
591 000	647 000	397 994

Source: Art Indemnity Australia managing organisations

Indigenous languages and cultures programs

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

On 1 July 2004, the Department assumed responsibility for the Maintenance of Indigenous Languages and Records

program and the Regional Arts and Culture Support program. The programs are funded annually by the Australian Government and operate Australia-wide. During 2004–05, payments were made by the Department of Immigration and Multicultural and Indigenous Affairs until 6 January 2005, at which point remaining funds were transferred to the Department.

In delivering these programs, the Department works cooperatively with the Office of Indigenous Policy Coordination and other agencies, as a part of a whole-of-government approach to Indigenous affairs. The programs had previously been

administered by the Aboriginal and Torres Strait Islander Services agency.

The Maintenance of Indigenous Languages and Records program operates to support the revival and maintenance of Indigenous languages as living systems of knowledge shared by communities and passed down from generation to generation. In 2004–05, 44 organisations were funded to undertake 86 activities at a total cost of \$8.32 million, of which \$3.96 million was paid by the Department of Immigration and Multicultural and Indigenous Affairs prior to the transfer of funding. This included a network of 21 language centres, 28 additional projects and one peak body, the Federation of Aboriginal and Torres Strait Islander Languages.

The Maintenance of Indigenous Languages and Records program includes funding for endangered languages, that is, languages with fewer than 20 speakers. Under this program, Wangka Maya Pilbara Aboriginal Language Centre received \$143 550 to preserve the linguistic heritage of the Yinhawangka, Nyamal and Ngarla languages. This was achieved through the recording of traditional stories and songs as well as the production of wordlists, grammars and databases.

The Regional Arts and Culture Support program operates to support the maintenance of cultural practice within Indigenous communities and the promotion of Indigenous cultures

as dynamic and integral elements of Australian culture and identity. In 2004–05, funding under this program provided a total of \$6.63 million to 185 organisations to undertake arts and cultural activities. Activities included cultural awareness and revival programs, ceremonial and traditional practices, and community cultural activities such as festivals and performances.

In 2004–05, Regional Arts and Culture Support provided \$16 500 to Indigenous Festivals Australia Ltd to support its annual Croc Fest. Croc Fest is a three-day performing arts festival, in which a significant number of Indigenous students from regional and remote areas participate. It is designed to develop confidence, social skills and self-esteem as well as promoting cultural awareness.

Indigenous arts and crafts industry

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

In 2004–05, the \$4.28 million National Arts and Crafts Industry Support Strategy continued to contribute to the growth of Australia's internationally renowned Indigenous visual arts industry by providing funding to 54 organisations to undertake 56 activities, including the operation of Indigenous art centres

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around Australia. The success of the program is reflected in the continued growth of the industry, the vigour and innovation being demonstrated by the sector and its artists, and the sustained demand for development and seed funding.

Many Indigenous art centres are in very remote localities where both jobs and other independent means of generating income are scarce. By supporting the operations of art centres, hundreds of established and developing Indigenous visual artists and craft workers are able to produce art works, develop their skills and have their work promoted, marketed and sold.

Importantly, through their work Indigenous artists are also able to tell the stories of

their cultures, supporting the maintenance of cultural strength within communities and enhancing national and international audiences' understanding of the richness of Indigenous cultures.

To give additional impetus to the industry, the Government has committed \$4 million over four years to upgrade art centre facilities, train art centre workers and market Indigenous visual arts and crafts. In 2004–05, \$1 million was allocated for seven facilities in the Northern Territory, Western Australia, South Australia and New South Wales, improving the capacity of these communities to produce and market their work.



Senator Rod Kemp, r, pictured at the launch of Artbank's Melbourne showroom with his wife Daniele Kemp, c, and Di Carlton, l

Case study

Green Turtle Foundation—touring to remote areas of Australia

The Green Turtle Foundation is one of many regional organisations that have benefited from the Visions of Australia touring exhibitions grants program.

The foundation has been awarded two grants, totalling \$60 499, to develop and tour *Green Turtle Dreaming*, an exhibition that will visit major regional centres such as Geelong and Cairns, and some of the more remote venues in Australia, including Darnley, Thursday and Melville Islands.

Green Turtle Dreaming documents the complex traditional relationships and mythology of the turtle in the Indigenous communities of Australia and the neighbouring islands of the Indonesian archipelago.

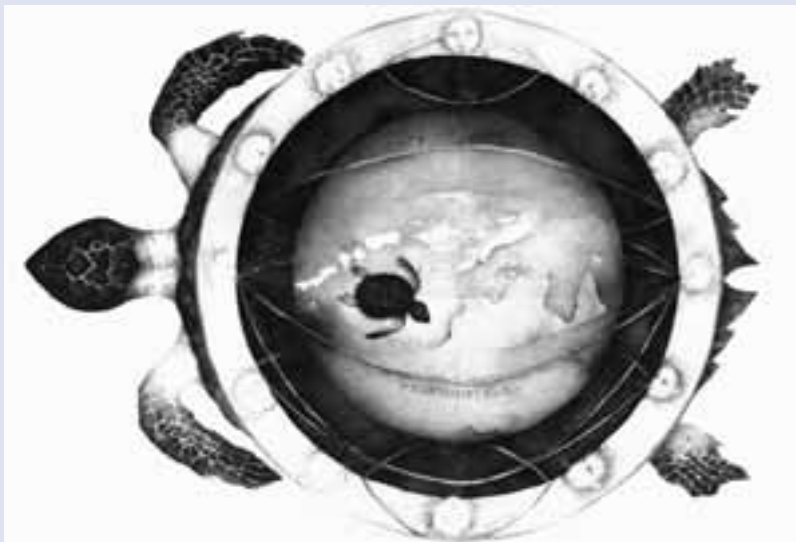
Images and sounds drawn from contemporary life explore the ancient roots and belief systems of the diverse communities on Melville Island

in the Tiwi Island group, Darnley Island in the Torres Strait, Christmas Island, and islands in Indonesia.

The exhibition content moves beyond the general scientific understanding of this endangered species to explore early creation beliefs and the enduring traditional practices of the people who encounter turtles as they travel their 3000 kilometre journey from birth to adulthood.

Projected images retell 10 great turtle myths exploring themes of rescue, greed, fertility, love and betrayal. These images are accompanied by recordings of stories, songs and music in the languages of the people represented.

More information about the Visions of Australia program may be found at www.dcita.gov.au/visions



A work featured in the Green Turtle Dreaming exhibition, Migration Map 2004 by Susan Barlow, watercolour on paper

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

High-quality program funding and grant administration of Indigenous programs

The Aboriginal and Torres Strait Islander Services agency was responsible for processing applications for the 2004–05 funding round for the the Maintenance of Indigenous Languages and Records program, the National Arts and Crafts Industry Support Strategy program and the Regional Arts and Culture Support program.

Applications were sought and processed before the start of the 2004–05 financial year. Responsibility for managing these programs was transferred to the Department on 1 July 2004 and the remaining funds were transferred from the Department of Immigration and Multicultural and Indigenous Affairs on 6 January 2005. As a transitional measure, payments under 2004–05



The Contemporary Music Touring Program committee considering applications under round 10 of the program: front row l to r committee members Andy Farrant, John Morrison, Con Frantzeskos, Daryl Somers (Chair), (not pictured: Penne Dennison) back row l to r departmental staffers Nicole Henry, David Andre, Tanya Grady, Dorothy Topfer

funding agreements were made by the Department of Immigration and Multicultural and Indigenous Affairs prior to 6 January 2005.

Touring programs

Between 1994–95 and 2004–05, more than 4500 funding applications were processed for the national touring programs, Playing Australia, Visions of Australia, Festivals Australia and Contemporary Music Touring. In 2004–05 there was a slight decrease in the number of applications received by Visions of Australia, reflecting a change in the timing of grant rounds.

Across the four programs a total of 385 grants were administered during the year.

As shown in figure 2.7, the majority of grants were fully acquitted within six

months of the due date and compliance with the provisions of the grant deeds was consistently high.

Film programs

The Government provides indirect support to filmmakers through a number of tax incentives programs administered by the Department.

In 2004–05, the Department received 351 provisional applications under Division 10BA of the *Income Tax Assessment Act 1936*. Ninety per cent of applications were processed within three weeks of receipt. The Department also received 58 applications under Division 10B of the Act. Of those applications, 100 per cent had been processed by 30 June 2005.

There were fewer applications for the refundable film tax offset in 2004–05 than anticipated. Five applications

Figure 2.7 Touring programs grants acquitted

Program	Total number due	2002–03 % of grants acquitted within:		Total number due	2003–04 % of grants acquitted within:		Total number due	2004–05 % of grants acquitted within:	
		3 mths	6 mths		3 mths	6 mths		3 mths+	6 mths*
Playing Australia	29	41	93	51	41	86	30	63	
Visions of Australia	27	56	89	29	38	69	30	70	
Festivals Australia	55	65	90	54	55	88	67	61	
Contemporary Music Touring	—	—	—	28	50	71	25	60	

+Based on acquittals due in the first nine months of the financial year, the figures for the final three months of 2004–05 will not be available until October 2005.

*Figures on 2004–05 acquittals within six months will not be available until early 2006.

were certified as opposed to the eight expected, mainly due to the variability of production timing.

A production must be in a state ready for public exhibition before it can apply for the offset. However, the date between the end of filming and the first public release of a film can vary enormously, depending on the complexity of post-production requirements. For this reason, the Department expects that applications for some productions filmed before the end of 2004–05 will be submitted in 2005–06 or possibly later.

The guidelines for the offset state that applications will be processed within 10 weeks of receipt. All applications, except one where further information was required, were processed within the agreed timeframe.

In the 2004–05 Budget, the Government announced that the offset would be extended to television series. The Department consulted industry on the details of the extended scheme which

were announced by the Minister for the Arts and Sport and the Assistant Treasurer on 13 April 2005. Legislation is expected to be considered by parliament early in 2005–06.

Regional Arts Fund

The objectives of the Regional Arts Fund are to support sustainable cultural development in regional, remote and very remote communities across Australia, to develop partnerships and cultural networks, and to increase access to skills development and employment opportunities for regional artists.

Regional arts organisations in each state, and arts ministries in the Northern Territory and the Australian Capital Territory, manage the fund on behalf of the Department and make decisions about specific funding. Funding provided in each state is set out in figure 2.9. Regional arts organisations and arts ministries are required to provide regular acquittal reports to the Department.

Figure 2.8 Divisions 10B and 10BA tax concessions and refundable film tax offset applications processed*

	2000–01	2001–02	2002–03	2003–04	2004–05
10BA provisional applications	284	254	204	214	351
10BA final applications	74	87	107	95	69
10B applications	49	46	60	63	58
Offset provisional applications	n/a	0	1	2	1
Offset final applications	n/a	0	1	5	5

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

Figure 2.9 2004–05 Regional Arts Fund allocations

State/territory	Amount \$
Regional Arts NSW	577 774
Regional Arts Victoria	577 774
Country Arts WA	577 774
Queensland Arts Council	577 774
Country Arts South Australia	479 933
Tasmanian Regional Arts	258 848
Arts NT	317 553
artsACT	65 570*
Regional Arts Australia	197 000**
Australia Council for the Arts	100 000
Creative Volunteering	170 000
Total	3 900 000

*The artsACT allocation has yet to be expended.

** \$75 000 is for the development and implementation of nationally-consistent, regional online grants management databases.

Regional Arts Fund grant allocations expenditure is for arts projects in regional and remote communities, strategic projects which apply to a region, small grants (for example, for an individual's travel costs to attend a conference) and

program administration. Examples of the projects funded are set out below.

- Katherine and Barkly Regional Arts organisation received support over two years to develop cultural projects and arts skills in partnership with local governments in the very remote Gulf region north and south of Borroloola in the Northern Territory.
- The World Food Whyalla Festival and Multicultural Community Cookbook project developed an arts-based cookbook. The project engaged people from various nationalities in Whyalla through the compilation, promotion and use of the cookbook. The launch of the cookbook coincided with the Fishy Fringe Festival.
- The Taiko Drumming project involved skilling Burnie artists in the art of Taiko drum-making over five weekend workshops as part of a large community drumming project.



Staff of the Film Incentives and International Section of the Department, l to r Matasha McConchie, Tim Lear, Stephen Wray and Sanjay Sircar

- The Regional Engagement Project focused on developing partnerships and increasing arts and cultural activity by young playwrights on a regional, national and international level at the biennial World Interplay Festival in Townsville in July 2005.

During 2004–05, the Department negotiated new funding agreements with the regional arts organisations for the next four years. The agreements include detailed obligations in respect of milestones and timeframes to be met by the organisations.

Federation Fund

Of the \$1 billion Federation Fund established by the Government to help celebrate the Centenary of Federation in 2001, \$434 million was allocated to the Department to manage a range of large and small infrastructure and community projects.

Only one Federation Fund project is substantially incomplete—\$9 million was allocated for the relocation of the shooting range at Malabar, New South Wales. Progress has been curtailed because of difficulties in identifying a site that will accommodate all sport shooting disciplines. The Department has continued to undertake consultations with the NSW State Government and relevant shooting associations to investigate options, but an effective solution has not yet been identified.

Art Indemnity Australia

The Department manages the Arts Indemnity Australia program, which aims to provide Australians with wide access to exhibitions of significant Australian and international cultural material. The program is demand driven, with Arts Indemnity Australia managing organisations responsible for developing proposals for exhibitions which meet the program's objectives.

Figure 2.10 Art Indemnity Australia—final applications processed

	2002– 2003	2003– 2004	2004– 2005
No. of final applications for indemnity received and processed	2	4	1
% of successful final applications	100	100	100

Fewer final applications were received in 2004–05 than in the two previous financial years. This reflects variations in the program of exhibitions indemnified by Arts Indemnity Australia from year to year, the timing of final applications for indemnity and the fact that exhibitions may run over more than one financial year. The Department is monitoring the potential impact on the number of applications for indemnity of external factors such as increased security requirements, stricter conditions imposed by lenders of artworks, and increases in the valuations of cultural material.

Philanthropy programs

The Department administers several philanthropy programs which facilitate private sector support for the arts.

The Register of Cultural Organisations allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of cash. Figure 2.11 shows the number and value of donations over five years.

The Cultural Gifts Program encourages gifts of significant cultural items to public art galleries, museums, libraries and archives by offering a tax deduction to donors for the market value of their gifts.

The number and total of donations under the Cultural Gifts Program in 2004–05 was significantly higher than in the last financial year (figure 2.12). As the program operates under the gift provisions of the

Income Tax Assessment Act 1997 and is largely donor driven, it is difficult to identify clearly the factors which may have contributed to the increase.

Culture and Recreation Portal

The Department administers the Culture and Recreation Portal which helps to provide access to Australia's cultural activities for a broad range of Australians. The portal provides online access to, and information about, a diverse range of cultural activities across Australia. Visits to the portal exceeded 3.6 million during 2004–05, a 45 per cent increase on 2003–04. As shown in figure 2.13, at 30 June 2005, the portal listed more than 3500 websites, representing an increase of 17 per cent on last year with the total number of pages available increasing by 28 per cent. These results were facilitated

Figure 2.11 Register of Cultural Organisations—number and value of donations

	2000–01	2001–02	2002–03	2003–04	2004–05*
Number of donors	91 205	57 890	53 844	60 621	52 775
Total donation value (\$m)	24.9	26.6	27.1	37.0	27.0
Average donation value (\$)	273	461	504	611	512

* The value of donations processed for the 2004–05 financial year may increase as further statistical returns are received from the Register of Cultural Organisations.

Figure 2.12 Cultural Gifts Program—number and value of donations processed*

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of donations processed	502	568	498	264	652*
Total value (\$m)	18.2	34.5	44	24.8	47.3
Average donation value (\$)	36 255	60 739	88 353	93 939	72 546

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

by technical improvements to the portal's search capacity and operability, including improving its profile on major search engines.

Figure 2.13 Culture and Recreation Portal performance indicators

	30 June 2004	30 June 2005	Change (%)
Visits per annum	2 513 946	3 508 411	+ 40
Websites listed	3010	3521	+ 17
Pages available	1 446 059	1 847 880	+ 28

Source: Culture and Recreation Portal

Applications processed within agreed timeframes

Programs administered by the Department under output 1.1 met agreed timeframes as highlighted by the following.

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. In 2004–05, 62 applications were processed compared with 42 in 2003–04. One hundred per cent of applications were processed within the agreed timeframes compared with 98 per cent in 2003–04.

In 2004–05, Visions of Australia, Playing Australia, Festivals Australia and the Contemporary Music Program achieved 100 per cent compliance with the Department's client service charter requirement that grant payments are made within four weeks of the acceptance of reports, and/or in accordance with relevant schedules or commitments.

All Register of Cultural Organisations applications were assessed against eligibility criteria in accordance with agreed timeframes and eligible applications were submitted to the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer for their consideration every three to four months, in line with program requirements.

All Cultural Gift Program applications were processed in line with program requirements and agreed timeframes to ensure that they were submitted to the next Taxation Incentives for the Arts Committee meeting.

Effective management of Regional Art Fund grants to regional arts organisations resulted in all payments and required reports meeting funding agreement timelines, allowing the organisations to provide 182 grants for cultural activity in regional areas.

High-quality and timely policy advice and ministerial services

The Department provides policy advice to the Government on a wide range of cultural issues. It aims to respond to all ministerial requests for advice, including briefings and question time briefs, in a timely manner. Difficulties with meeting tight deadlines have occasionally been encountered, mostly where it was necessary to seek advice or information from elsewhere, for example legal advice or information from a portfolio agency. In such instances, the Department negotiated revised timeframes with the relevant minister's office. The office of the Minister for the Arts and Sport has indicated satisfaction with the timeliness and quality of advice provided.

In terms of ministerial correspondence and meeting briefs, the Department's compliance rate improved slightly in 2004–05.

Despite close monitoring, only one out of eight responses to parliamentary questions on notice were provided within the agreed timeframe. While delays can be attributed to the complexity of responses required and the need to consult portfolio agencies, this result is disappointing. Portfolio agencies and departmental staff have been reminded of the need for quick turnaround and from now on responses will be personally monitored by the Arts and Sport senior executive.

The Department undertook significant policy development work in a number of areas during the year, working with portfolio agencies, other departments and state and territory agencies to achieve positive outcomes for the cultural sector.



The Regional Policy and Programs Section team discussing applications for Playing Australia funding: l to r Tanya Grady, David Andre, Sarah Michell, Dorothy Topfer (Manager)

Outcome 1—output 1.1

The report of the Orchestras Review 2005, a major review of the orchestral sector in Australia, made recommendations for additional funding and structural change to the orchestral sector. The Australian Government accepted the majority of the review's recommendations and, in the 2005–06 Budget, announced increased funding of up to \$25.4 million over four years to Australia's major symphony, opera and ballet orchestras.

The Department continued to work with other Australian Government agencies to implement the report of the Contemporary Visual Arts and Crafts Inquiry. During 2004–05, key policy outcomes achieved included:

- the passage of legislation to extend the term of copyright by 20 years for copyright material including artistic works;
- the passage of legislation to bring the duration of copyright in photographs

in line with that of other creators of original artistic material;

- the release of a public tax ruling on what it means to carry on an arts business; and
- the announcement of new arrangements allowing a tax deduction for contributions to a deductible gift recipient of \$250 or more to attend a fundraising event where an associated minor benefit is received.

The Department is also continuing to contribute to the review of the operation of the *Copyright Amendment (Digital Agenda) Act 2000* and the introduction of legislation to strengthen the protection of Indigenous arts and cultural expressions through the creation of Indigenous communal moral rights.

The Department also provided policy advice to the Government in relation to

Figure 2.14 Advice provided within agreed timeframes

Type of advice	2003–04		2004–05		% change
	Total	% on time	Total	% on time	
Ministerial correspondence	917	71	473	73	+2
Briefings initiated by the Department	566	not applicable	482	not applicable	not applicable
Meeting briefs	474	84	313	88	+4
Question Time briefs	275	68	158	64	-4
Parliamentary questions on notice	2	50	8	12.5	-37.5

Note: Performance information for outputs 1.1 and 1.2 has been consolidated.

securing the return of the bark *Endeavour* to Australia and its long-term preservation and operation at the Australian National Maritime Museum. The Department negotiated the transfer of ownership of the vessel to the Commonwealth. (See case study on page 54)

The Department and its portfolio national collecting institutions have continued to progress outcomes from the 2003–04 Review of Cultural Agencies. Key outcomes over 2004–05 are set out below.

- Funding of \$10.6 million over four years from 2004–05 was announced in the 2005–06 Budget for the National Library of Australia to meet critical collection storage requirements. Related work continued on developing a comprehensive collection storage plan.
- Mechanisms were established for the two corporate management forums to investigate joint procurement savings.
- A national digital collections strategy has been developed to assist the national collecting agencies to address issues relating to increasing digital access to collections and the use of digital technology to preserve collections to maintain their position as world leaders in the provision of digital material.

The Department has also continued to work closely with the Department of Finance and Administration and portfolio collecting institutions in 2004–05 to ensure a consistent approach to collection depreciation. While some progress has been achieved, complex issues surrounding the accounting treatment of long-lived assets have yet to be resolved.

Case study

The bark *Endeavour* brings history home

The bark *Endeavour* is an authentic, Australian-built replica of the original vessel, a former collier sailed by Captain James Cook when he charted the east coast of Australia in the late 18th century.

In recent years the *Endeavour* has been based in Whitby, England. With Australian Government support, the bark was returned home, as was originally envisaged, to form part of the National Maritime Heritage Collection, and berthed at its home port of Sydney.

The Department negotiated the transfer of title of the *Endeavour* to the Commonwealth, and the vessel has now been gifted to the Australian National Maritime Museum, where it has joined the national maritime collection.

The *Endeavour* is kept at the Maritime Museum in Darling Harbour, where it is accessible to all visitors.

The vessel is displayed as if Cook and his crew had disembarked at some time on their epic world circumnavigation of 1768 to 1771. Visitors can get an idea of what sailing was like in the 18th century, and an appreciation of what important historic figures like Cook achieved.

The *Endeavour* is already proving immensely popular: about 14 500 visitors set foot on it in its first two months at the museum, including more than 1500 children in teacher-guided school groups.

The Maritime Museum will also sail the vessel regularly on Sydney Harbour, so that visitors will be able to experience the glory of the *Endeavour* under sail.

From 2005–06 the Government will provide ongoing additional funding of about \$750 000 a year to the Maritime Museum to operate and preserve the *Endeavour*.



The bark Endeavour

Support for the contemporary visual arts and crafts sector by Artbank

Artbank operates an art rental scheme aimed at encouraging and supporting contemporary Australian artists by acquiring their work and stimulating a wider appreciation of Australian art by making it available for display in public places.

In 2004–05, Artbank invested \$635 000 in the primary art market through the purchase of works. More than 6000 works were on display with clients.

In response to the Government's recognition of the need to expand Artbank's audience across Australia, Artbank opened a Melbourne showroom in February 2005. The additional location is expected to assist Artbank in increasing awareness of, and access to, the contemporary art rental collection. Although a small number of additional Melbourne clients were recruited by the end of 2004–05, it is too early to make a meaningful assessment of the success of the office and the situation continues to be monitored closely.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 467 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. This result is consistent with responses in 2003–04. In 2004–05, 72 per cent of respondents rated their dealings with the Department as good or excellent, down two per cent from the previous year.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In achieving access and excellence in Australia's cultural activities, 92 per cent of respondents were satisfied with the Department's effectiveness. In assisting the development and preservation of cultural collections, 92 per cent of respondents were satisfied with the Department's effectiveness.

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

The Orchestras Review 2005 panel consulted with orchestra boards, management and employees, and arts ministry officials in all states and territories, while developing *A new era: report of the orchestras review 2005*. Submissions were also received from music companies and organisations, universities and individuals. A wide range of views,

ideas and strategies for the future were received. The issues raised were considered by the review, contributed to an informed and productive debate and assisted in formulating the panel's recommendations.

The Playing Australia committee found opportunities to increase understanding and awareness of the program and to gather feedback from the performing arts sector. Committee members participated in a Playing Australia forum held in conjunction with the Australian Performing Arts Centres Association conference in Brisbane in September 2004 and the committee met with program clients during its policy meeting in Hobart in November 2004.

Departmental officers attended Regional Arts Australia's national conference, 'Meeting Place', in Horsham, Victoria in October 2004 and took the opportunity to consult with clients of the regional cultural programs, discuss policy needs and engage in sessions such as encouraging partnerships in the funding of cultural activity.

Issues raised by stakeholders continued to be taken up as part of improving management of the programs.

The Department now has a network of about 80 regional staff, most of whom are located in whole-of-government Indigenous coordination centres, primarily

in regional Australia. National office staff are working in collaboration with regional staff to deliver programs to Indigenous communities. Both national and Regional Network staff consult closely with Indigenous communities and work to ensure that community issues and queries relating to program delivery are dealt with in a timely and professional manner. Consultation is undertaken through field visits, phone, fax and email. Regular field visits are undertaken where a project is appraised as high-risk, and additional field visits are conducted to assist in the development of shared responsibility agreements.

In 2004–05, the Department undertook consultations with the film production industry on the proposed extension of the refundable film tax offset to television series. The Department published a discussion paper outlining the draft principles in relation to the application of the offset to television series.

Comments from the industry on these principles informed the development of policy details which were announced by the Government in April 2005. Issues relating to the operation and effectiveness of the offset were also discussed in targeted meetings throughout the year. Ongoing consultation with industry has contributed to the smooth operation of the offset and its success in attracting large-budget productions to Australia.

Compliance with accountability standards

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

The document *General guidance for directors of statutory authorities* was distributed to all relevant agencies within the portfolio in early 2004–05, following a significant update which takes account of developments in corporate governance better practice. The resource has been welcomed by directors of portfolio statutory authorities as complementing agency-specific information.

In August 2004, the Government released its response to the *Report of the review of the corporate governance of statutory authorities and office holders*, conducted by Mr John Uhrig (the Uhrig report). In its response, the Government announced that ministers would be required to assess their portfolio bodies against the governance templates set out in the Uhrig report before 31 March 2006. The Department has commenced the assessments of relevant agencies in the Communications, Information Technology and the Arts portfolio, and will continue this work, in consultation with the agencies, next financial year.

Six assessments of portfolio agencies against the Uhrig templates were completed during the 2004–05 financial year and within agreed timeframes.

During the year the Department participated in internal audits on the management of security at Old Parliament House and on possible conflicts of interest within the Department. The majority of the recommendations of the Old Parliament House security audit have been implemented. The remainder of the recommendations and those from the conflict-of-interest audit are being considered for implementation in 2005–06.

The Department also provided input to the Australian National Audit Office's Audit Report No. 59 2004–05, *Safe and accessible national collections*.

Research and analysis activities contribute to policy development

Research activities undertaken during 2004–05 have provided important input into supporting policy development.

In July 2004, in response to a recommendation in the *Report of the contemporary visual arts and crafts inquiry*, the Department released a discussion paper on resale royalty. The paper was the result of extensive research into recent international developments

and analysis of the likely impact of a resale royalty scheme on Australian artists and the market for contemporary art.

The submissions received were assessed to gauge the relative costs and benefits, and the degree of sector and public support for introducing a resale royalty agreement. While the issue is now the responsibility of the Attorney-General, the Department continues to work closely with the Attorney-General's Department in examining this issue and preparing advice for the Government.

The Department commissioned a study in 2004–05 to determine how competitive Australia is in attracting large-budget overseas film productions. The research will inform the evaluation of the refundable film tax offset scheme (required before 4 September 2006) by providing information on the success of the offset as an incentive.

Following the ministerial appointment of a Strategic Industry Leaders Group in June 2004, research and consultations were undertaken on the Digital Content Industry Action Agenda. To identify industry development priorities, working groups established by the Strategic Industry Leaders Group examined issues in skills and training, investment, exports, research and development, statistics and standards. The process was informed by two consultancies, covering a scoping report on the digital content industry and its future potential, and an analysis of current skills and training arrangements for the digital content industry.

The Digital Content Industry Action Agenda report is expected to be finalised in late 2005 and will include an industry development plan for the Government's consideration.

Highly effective budget management

As identified in the resources for outcome table at page 24 the overall price of output 1.1 was on budget.

The variation in administered expenses is mainly due to lower than expected insurance coverage costs for exhibitions under the Art Indemnity Australia program. In addition, funds for the bark *Endeavour* completion adjustment payment were requested to be rephased to 2005–06 reflecting the timeframe set by the Endeavour Foundation for the winding-up of the companies.

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 once a month. The comments also include forecasts of budget trends where possible.

Output 1.2

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

Collections appropriately developed and managed

The Old Parliament House collection consists primarily of items from the building's original furniture and fittings. The collection's value at 30 June 2005 was estimated at \$2.750 million.

Old Parliament House continued to develop its political and parliament-related collection. There were some notable acquisitions in 2004–05, including:

- a significant WWII recruitment poster for the Australian Infantry Force, featuring WWI Prime Minister, Billy Hughes;
- the Speaker's desk and bookcase, on long-term loan from the Department of the House of Representatives;
- a detailed model of the Old Parliament House building and the gardens in 1988; and
- museum figures of wartime Prime Minister John Curtin, and journalists Alan Reid and Gay Davidson.

The Old Parliament House oral history collection also continued to develop. Thirty interviews were conducted in 2004–05, three more than were conducted in

2003–04. Notable interviews included Mr Alan Cumming Thom, former Clerk of the Senate, and Sir David Smith, former official Secretary to the Governor-General, Sir John Kerr.

Significant additions to the National Portrait Gallery collection in 2004–05 included:

- portraits of businessmen Sir Arvi Parbo by Sir William Dargie, Sir James Forrest by William Boissevain, and Sir Lindesay Clark by Clifton Pugh (the latter a gift of Alcoa World Alumina Australia);
- a portrait of scientist Dame Jean Macnamara c. 1932 by Donovan, a gift of Merran Samuel;
- the poet Peter Porter, pictured in 2004, by Tony Clark (purchase);
- a portrait of war veteran and resistance leader Nancy Wake by Melissa Beowulf (2001), purchased with funds provided by L Gordon Darling AM CMG;
- a portfolio of 101 photographs of Australian artists by Greg Weight, a gift of Patrick Corrigan AM;

Outcome 1—output 1.2

- 18 photographs by John Elliott including country singers Troy Cassar-Daley, Kasey Chambers and Smoky Dawson, a gift of the artist; and
- 12 photographs from the exhibition *Proof: Portraits from the Movement 1979–2003* by Juno Gemes, including Jimmy Little, Roberta Sykes and Shirley ‘Mum Shirl’ Smith AO OBE, a gift of the artist.

The National Portrait Gallery also lent three works of art from the gallery’s permanent collection during 2004–05:

- a self-portrait of Grace Cossington Smith is on loan to the National Gallery of Australia for its retrospective of the artist’s work;
- Garry Shead’s *Portrait of Martin Sharp* is on loan to Artspace Mackay for inclusion in their travelling exhibition, *Fireworks*; and
- a sculpture of Peter Brock by Julie Edgar is on loan to the National Capital Authority for its display at Regatta Point in the ACT.



Singer Kylie Minogue’s hotpants featured in the exhibition Kylie: The Collection at the National Portrait Gallery from May to August 2005

As outlined in figure 2.15, the cumulative number of items in the National Portrait Gallery collection was 964 at 30 June 2005, with an assessed value of \$12.89 million.

As of 30 June 2005, the Department’s asset register listed 211 gifts valued at \$461 366 from 34 donors in 2004–05, compared with 87 gifts valued at \$769 900 received from 20 donors in 2003–04. Assets are managed in accordance with the Chief Executive’s

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

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of items *	144 (47 gifts, 97 purchases & commissions)	370 (193 gifts, 177 purchases & commissions)	485 (291 gifts, 194 purchases & commissions)	710 (446 gifts, 264 purchases & commissions)	964 (657 gifts, 307 purchases & commissions)
Assessed value* (\$m)	6.762	9.48	10.39	12.01	12.89

* This is a cumulative total.

Instructions, including registration of assets on purchase or gift and an annual stocktake.

The increasing number of gifts, together with requests by other institutions for loans of items from the gallery's collection is evidence of the gallery's growing reputation as a significant cultural institution.

Heritage buildings appropriately preserved and maintained

A range of refurbishment projects was undertaken at Old Parliament House to extend the life of the building, and conservation works took place to preserve the original fabric of the building. All these activities were carried out in accordance with the relevant legislation, works codes, standards and policies. In addition to works of a minor nature related to the day-to-day maintenance and improvement of the building, the current five-year capital works plan of major refurbishment and restoration projects continued. Major refurbishments that were commenced or completed included:

- commencement of the second stage of the roof replacement;
- upgrade and replacement of services for the refurbishment of the press galleries;
- completion of stage 1 of the education centre;
- completion of a disabled access ramp at the rear of the building; and
- upgrade of fire protection services throughout the building, including installation of underfloor sprinklers.

Conservation works ensure the ongoing preservation and integrity of the Old Parliament House building, while also facilitating public display and access. Major conservation initiatives undertaken during the year included:

- conservation of the parquet flooring in King's Hall, the front entrance and main stairs;
- conservation work in the upper floor of the south-west wing; and
- implementation of stage 2 of a program monitoring human impact management.

Figure 2.16 Building conservation and refurbishment—expenditure

	2001–02	2002–03	2003–04	2004–05
Total expenditure on relevant capital works (m)	\$1.605m	\$2.991m	\$4.428m	\$3.629m
Total expenditure on relevant conservation works, including collection conservation	\$43 765	\$163 400	\$135 475	\$140 358

High visitor and audience satisfaction and engagement

Visitor numbers for the main Old Parliament House site and the National Portrait Gallery's Commonwealth Place annex have increased significantly compared to the previous year's figures. The increase in visits to both venues can be attributed to a number of very successful initiatives including the Old Parliament House open day and 78th birthday celebrations, which brought well over 6500 people to the House, and the National Portrait Gallery's *Kylie* exhibition at the Commonwealth Place annex, which attracted a record number of more than 10 000 visitors in June 2005.

Total combined visitors for the main Old Parliament House site and Commonwealth Place (excluding café, function and restaurant visitors) were 222 495, compared with 180 704 in 2003–04 (see figure 2.17 below). The visitor numbers are pleasing, particularly as Canberra experienced a decline in tourism in the period March 2004 to March 2005 (the most recent figures available).

Exit surveys conducted with visitors to both venues during the year showed that 98 per cent of visitors rate their overall experience as good or very good.

Funding for a dedicated building for the National Portrait Gallery was provided by the Government in the 2005–06 Budget. The new gallery building will meet the growing needs of Australia's national portrait collection and help ensure that the collection is appropriately managed and developed.

While delivery of the building project is the responsibility of the Department of Finance and Administration, the Department is closely involved in developing the building design and is responsible for planning the gallery's move to the new building, including in particular the development of high-quality displays. At the same time, the gallery must continue to develop and provide access to its collection, including maintaining exhibitions at Old Parliament House and Commonwealth Place. A future challenge will be to develop interesting and attractive public uses of the space at Old Parliament House that will be vacated by the National Portrait Gallery.

Figure 2.17 Visitors to Old Parliament House and the National Portrait Gallery

	2001–02	2002–03	2003–04	2004–05
Main site	171 582	161 213	147 140	178 643
National Portrait Gallery		28 444	33 564	43 852
Commonwealth Place		(Nov–June)		
Total visitors	171 582	189 657	180 704	222 495

Functions and hospitality activities have become a key growth area for Old Parliament House. The number of people visiting the site for these purposes increased significantly, demonstrating the solid contribution that these operations have made in attracting visitors to Old Parliament House (see figure 2.18 below).

Overall, combined visitation to Old Parliament House and the National Portrait Gallery, including functions, café and restaurant patrons, totalled 396 661 in 2004–05, compared with 302 668 in 2003–04.

Growing visitor/audience reach, in Canberra and nationally

Old Parliament House and the National Portrait Gallery continued to develop quality exhibitions, family-friendly activities, interpretive projects and enhancements of services to increase and broaden audience reach and enrich the visitor experience.

Visitors to Old Parliament House from all geographic areas within Australia and from overseas remained consistent with 2003–04 figures, the exception being Victoria which showed a five per cent increase in visitors. Old Parliament House continues its strong performance in attracting people aged 25 years and over.

Exhibitions

Temporary exhibitions play a major role in generating new audiences and encouraging return visits to Old Parliament House and the National Portrait Gallery. They are also a key tool for engaging the community with aspects of Australia's political and parliamentary history. Old Parliament House presented four in-house exhibitions in 2004–05, compared with eight exhibitions in 2003–04:

- *The People's Procession* in partnership with the Noel Butlin Archive Centre at the Australian National University (closed 18 July 2004 after a six-month run);
- *The Petrov Affair* (12 August 2004 to 2 April 2005);

Figure 2.18 Functions, café and restaurant patrons

	2001–02	2002–03	2003–04	2004–05
Café patrons	62 319	60 960	85 168	129 208
Function patrons	36 807	30 837	34 590	36 167
Ginger Room patrons			2206 (March–June)	8791
Total patrons	99 126	91 797	121 964	174 166

- *Eureka Revisited: the Contest of Memories* (22 April to 17 July 2005); and
- *Through Australian Eyes*, developed by the Australian Broadcasting Corporation (4 May 2005 to 31 January 2006).

In addition, Old Parliament House launched its first travelling exhibition, *A Brush with Politics: the Life and Works of John Frith*, in March 2005. The exhibition will tour to a number of venues throughout Australia with financial support from the Australian Government's Visions of Australia program.

Exhibitions were complemented by a range of public programs including tours and lectures. Old Parliament House continued to assess and evaluate all exhibitions and programs to improve their development and meet the needs of existing and potential audiences.

Other activities included roof tours with more than 900 people participating, a heritage tour on protecting and maintaining Old Parliament House, and school holiday activity programs that attracted more than 1500 children. *A Brush with Politics: the Life and Works of John Frith*, attracted 2200 visitors at one venue.

The National Portrait Gallery presented 11 exhibitions, two more than during 2003–04. They included:

- *To Look Within: Self Portraits in Australia* (University of Queensland/ National Portrait Gallery) (9 July to 19 September 2004);
- *Depth of Field: Portrait Photography from the Collection* (30 April to 22 August 2004);
- *Headspace V: Crystal Gazing* (11 September to November 2004);
- *Olympic Medal Winner—Australia Post* (14 August to 12 September 2004);
- *Mark Strizic: a Journey in Photography* (touring from Monash Gallery of Art) (1 October to 21 November 2004);
- *Facing Robin Sellick* (27 October to 14 November 2004);
- *Thousand Mile Stare: Portrait Photography by John Elliott* (19 November 2004 to 1 May 2005);
- *Masters of Fare: Chefs, Winemakers, Providores* (10 December 2004 to 28 March 2005);
- *Peter Brew-Bevan* (6 May to 12 June 2005);
- *The World of Thea Proctor* (8 April 2004 to 31 July 2005); and
- *Kylie* (12 May 2004 to 14 August 2005).

Australians in Hollywood completed its touring program during the year, travelling to the Gold Coast City Gallery (11 September to 17 October 2004), the Arts Centre, Melbourne (1 June to 1 August 2004) and the Art Gallery of South Australia (11 November 2004 to 13 February 2005). It was seen by 71 449 people at venues outside Canberra.

The gallery's 2004–05 exhibition program expanded its audience reach by building on existing strengths. Popular exhibitions such as *Kylie* brought in audiences who had not previously attended gallery exhibitions in large numbers. In addition, *The World of Thea Proctor* and the associated publication have attracted overwhelming national interest. A joint promotion with the National Gallery of Australia, the National Library of Australia, the National Archives of Australia and the Australian Capital Tourism Corporation titled *Summer of Silver* targeted a Sydney and regional New South Wales audience over the summer months.

Gallery exhibitions were enhanced by catalogues, public programs, student workshops and Circle of Friends (gallery supporters) events. Membership of the Circle of Friends reached 832, up from 761 in the previous year.

The National Portrait Gallery continued to develop and consolidate its audience through its ongoing program of activities.

In 2004–05, it presented five lectures and seminars and two symposiums, including *Sites of Communication*, a joint venture in collaboration with the National Gallery of Australia and the Art Gallery of New South Wales.

Education

The education sector continued to be a key growth area for Old Parliament House. The number of students accessing Old Parliament House services and programs continued to grow, both in actual numbers and as a proportion of overall visitors.

Old Parliament House student visitors have increased from 40 211 in 2003–04 to 45 038 in 2004–05, an increase of 12 per cent. There were 11 386 students who experienced National Portrait Gallery education programs, a slight decrease on the 2003–04 figure of 12 536. Both Old Parliament House and the National Portrait Gallery education programs were widely promoted to the formal education sector.

Surveys continue to indicate that teachers are very satisfied with their students' experience at Old Parliament House and National Portrait Gallery. Highlights of staff-directed programs included the refinement of the heritage education component of the education program, and the delivery of presentations, workshops and demonstrations to teacher associations and education groups to promote Old Parliament House and its programs.

Websites

Old Parliament House and the National Portrait Gallery have continued to develop a substantial presence through their website activities in 2004–05, as set out in figure 2.19 and 2.20.

Key content additions to the Old Parliament House website included an interactive floorplan of the House and material related to exhibitions including *Eureka Revisited*, *Through Australian Eyes*, and *A Brush with Politics: the Life and Works of John Frith. The Petrov Affair* generated enormous interest and triggered a dramatic rise in site visitation.

Content additions to the National Portrait Gallery website included *The World of Thea Proctor* and the *Kylie* exhibition, ensuring that every National Portrait Gallery exhibition is represented online.

Media coverage

Old Parliament House and National Portrait Gallery exhibitions and activities continued to attract substantial media coverage. Old Parliament House generated 326 newspaper stories, 31 radio stories and 29 television stories in local and national media. The gallery also continued to attract positive media coverage for its activities throughout 2004–05.

Awards

Old Parliament House and National Portrait Gallery's success in meeting the needs of a growing and diverse audience was recognised through several awards. For the fourth year running, Old Parliament House and the National Portrait Gallery won the Canberra and Capital Region Tourism Awards 'Heritage and cultural tourism' category. Old Parliament House

Figure 2.19 Old Parliament House—website statistics

	2002–03	2003–04	2004–05
Total visits	57 939	69 719	183 028
Change from previous year	Not available	+20%	+162%

Source: DeepMetric LiveStats site tracking software

Figure 2.20 National Portrait Gallery—website statistics

	2002–03	2003–04	2004–05
Total visits	50 000 approx	62 270	179 877
Change from previous year	Not available	+25%	+165%

Source: /db/npg.mdb (online collection) dev.portrait.gov.au/webstats

also received three awards for the *Petrov Affair* exhibition catalogue, poster and invitation, and the National Portrait Gallery received six awards at the Museums Australia Design Awards 2004.

Timely advice

Performance against this measure for output 1.2 has been combined with output 1.1. Refer to page 51.

Revenue budgets are met

While exceeding revenue targets, Old Parliament House and the National Portrait Gallery actual revenue from other sources decreased in 2004–05 from 2003–04 levels (figure 2.21). This is primarily due to

the decrease in donations of artwork and cash received and is attributable to normal fluctuations in such donations.

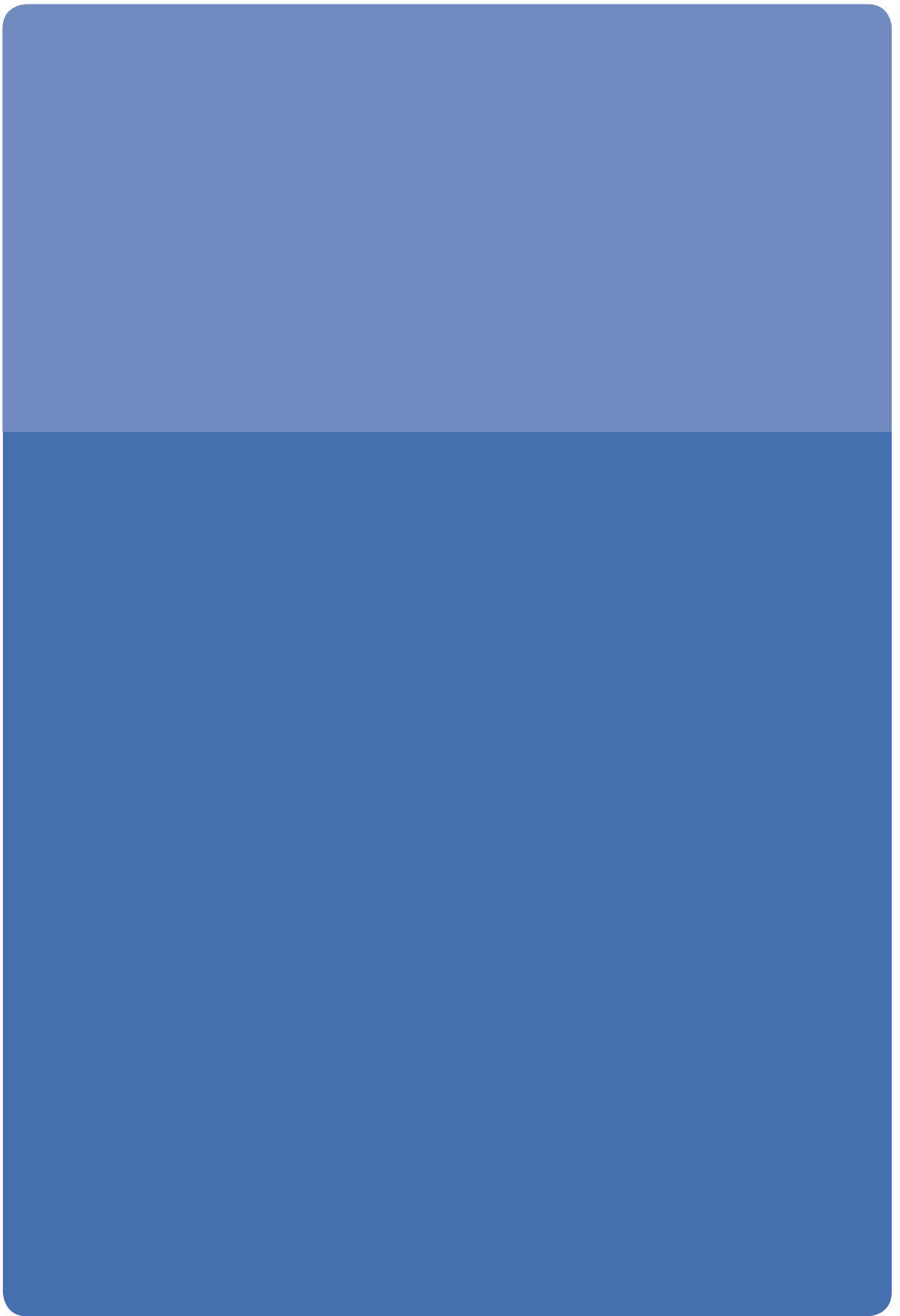
Highly effective budget management

As identified in the resources for outcome table at page 24, the overall price of output 1.2 was on track, with a decrease in revenue from other sources.

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.

Figure 2.21 Old Parliament House and National Portrait Gallery revenue from other sources

	2002–03 \$m	2003–04 \$m	2004–05 \$m
Portfolio Additional Estimates statements revenue budget	2,443	2,174	1,456
Old Parliament House and National Portrait Gallery revenue actuals	4,066	2,410	1,946



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

Outcome 2

Resources for outcome 70

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Output 2.1 85

Resources for outcome

Outcome 2

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

	(1) Budget 2004–05* \$'000	(2) Actual 2004–05 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2005–06** \$'000
Administered expenses (including third-party outputs)	47 377	21 291	-26 086	103 289
Total administered expenses	47 377	21 291	-26 086	103 289
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	7 480	7 472	-8	8 814
Revenue from Government (appropriation) for departmental outputs	6 848	6 687	-161	8 163
Revenue from other sources	632	785	153	651
Total price of outputs	7 480	7 472	-8	8 814
TOTAL FOR OUTCOME 2 (Total price of outputs and administered expenses)	54 857	28 763	-26 094	112 103
			2004–05	2005–06
Average staffing level			46	55

* Budget estimates as at 2004–05 Portfolio Supplementary Additional Estimates statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements

Performance information index

	Annual report page reference	PBS page reference
Outcome 2		
Development of a stronger and internationally competitive Australian sport sector and encouragement of greater participation in sport by all Australians	72	52
Administered items		
Water and alpine safety	76	58
Sports and recreation program (anti-doping)	77	58
Australian Government assistance to stage the 2005 Deaflympic Games in Melbourne	78	58
Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne	80	58
Australian Government financial support for the development of sporting facilities	80	39 (PAES)
Sporting opportunities for Indigenous people	81	39 (PAES)
Departmental items		
Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	85	59

Achievement of outcome

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

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. Recipients of Australian Government funding are required by their funding agreements to display sound governance and implement appropriate anti-doping policies.

The Department works with the Australian Sports Commission and the Australian Sports Drug Agency to deliver funding and support in the areas of high-performance sport, community participation, major events, infrastructure and anti-doping, in accordance with the Australian Government's sport policy.

The Department's role is to:

- provide overarching policy advice to the Government, especially on anti-doping, sport industry development and Indigenous sport and recreation;

- manage specific programs on anti-doping research, water and alpine safety and sporting opportunities for Indigenous peoples;
- oversight the delivery of sporting infrastructure where the Australian Government has approved funding; and
- coordinate the Government's support for major sporting events, which in 2004–05 included the Melbourne 2005 Deaflympics and the Melbourne 2006 Commonwealth Games.

A key focus for the Department's activities during 2004–05 was progress on enhancing Australia's anti-doping framework. Legislation is now in place to enable customs information to be made available, where appropriate, for use in the fight against drugs in sport. The Government also announced the establishment of the new Australian Sports Anti-Doping Authority to provide more robust, independent and consistent arrangements for the investigation and hearing of sports doping allegations.

The Australian anti-doping framework will be most successful if it is part of a harmonised system for fighting drugs in sport around the world. The Department worked closely with both the Australian Sports Commission and the Australian Sports Drug Agency to ensure that the World Anti-Doping Code was adopted across the Australian sporting system. As at 30 June 2005, only one national sporting organisation had failed to adopt the code.

The Department also led Australia's participation in the development of a UNESCO International Convention against Doping in Sport. Australia played a key role in developing the convention, including through membership of an intergovernmental meeting of experts which was responsible for drafting the convention. Once adopted by UNESCO and ratified by countries around the world, the convention will give further international strength and impetus to Australia's tough stance against drugs in sport.

Using sport to build healthy and active communities is a key Government objective. This is particularly relevant to Indigenous communities, where sport is an important feature of community life. During 2004–05, the Sporting Opportunities for Indigenous Peoples program (now called the Indigenous Sport and Recreation program) continued to be an important vehicle for providing financial support to communities for sport and recreation initiatives. This program was

transferred from the former Aboriginal and Torres Strait Islander Services agency to the Department on 1 July 2004 and, after a short transitional period, was integrated into the Department's mainstream operations under Outcome 2.

The Department successfully coordinated the Australian Government's support for the Deaflympics, held in Melbourne in January 2005. This was a significant international sporting event, involving 3000 athletes from 78 countries.

The Australian Government's financial and in-kind contributions were crucial to the successful staging of what was widely regarded as 'the best Deaflympics ever'.

High levels of sport participation

In consultation with the Australian Sports Commission, the Department reviewed the programs and activities that were delivered by the commission over the past four years to encourage a higher level of participation in sport. The review, which was undertaken as part of a broader review of the Government's Backing Australia's Sporting Ability—A More Active Australia strategy, concluded that there had been an overall increase in grassroots participation levels and in the number of new members of sporting organisations.

In 2004–05, the Department continued to work closely with the Australian Sports Commission, the states and territories and the Australian Bureau of Statistics

DCITA ANNUAL REPORT 2004–05
 Outcome 2—Achievement of outcome

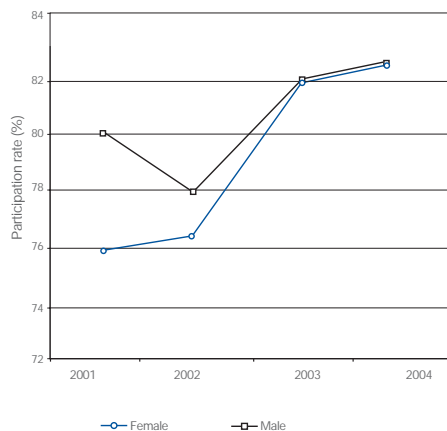
to undertake detailed measurement and analysis of participation in sport and physical activity in Australia. The availability of detailed statistics enables the monitoring of trends in participation rates and underpins the provision of policy advice to government, particularly in relation to community participation in sport. In 2004–05, available data was used in the context of the review of Backing Australia’s Sporting Ability.

The Exercise, Recreation and Sport Survey (ERASS) is a joint Commonwealth and state 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 12 months before interview.

In 2004, the rate of participation in exercise, recreation and sport remained stable compared to the rate in 2003 (see figure 2.22). Preliminary data suggests

that an estimated 82.8 per cent of Australians aged 15 years and over (13.1 million people) participated in at least one physical activity over the year. However, there has been a 6.4 per cent increase in the participation rate since 2001 when the ERASS survey commenced. Of particular note is a rise from 75.9 per cent in 2001 to 82.6 per cent in 2004 of participation in exercise, recreation and sport by women.

Figure 2.22 Participation in exercise, recreation and sport



Soccer on day two of the Nura Mani Games (Youth Friendship Games) in Sydney; in 2004–05 DCITA provided \$50 000 under the Indigenous Sport and Recreation Program to encourage Indigenous participation in the Games

Stronger and internationally competitive Australian sports sector

The Department contributes to the development of a competitive Australian sports sector through its work on strengthening the fight against doping in sport, coordinating government involvement in major sporting events and providing policy advice to government on sport issues.

Through the year, in consultation with the Australian Sports Drug Agency and the Australian Sports Commission, amendments were made to both the *Australian Sports Drug Agency Regulations 1999* and the *Australian Sports Commission Act 1989*. The *Australian Sports Drug Agency Regulations 1999* were amended to strengthen the regulatory framework and bring it into line with the World Anti-Doping Code. Amendments were made to the *Australian Sports Commission Act 1989* to facilitate the more effective use of customs information in doping investigations.

In November 2004, the Department circulated a public discussion paper on improved arrangements for the

investigation and prosecution of sports doping allegations. This work culminated in the announcement on 23 June 2005 of the Government's intention to establish a new independent body, the Australian Sports Anti-Doping Authority, to ensure all sports doping allegations are rigorously investigated (see case study page 86). The Department subsequently commenced development of a legislative proposal to implement that decision.

Australian Government financial and other support for major sporting events, such as the Melbourne 2005 Deaflympics and the upcoming Melbourne 2006 Commonwealth Games, is a key strategy for building the Australian sport and leisure industry. These events not only give Australia's high-performance athletes the opportunity to participate in world-class sporting competition, but also showcase Australia's ability to stage major events and promote the capacity of the Australian sport and leisure industry generally.

There is emerging evidence of strong growth in sport-related exports, particularly in the context of the 2008 Beijing Olympics. For example, Australian firms won substantial contracts for the design of the Beijing Olympics swimming centre and athletes' village.

Administered items

Water and alpine safety

Key initiatives undertaken

The National Recreation Safety Program (water and alpine safety) provides funding to national recreation safety organisations with the aim of reducing the number of aquatic and skiing accidents and deaths in Australia. Funding is also provided for high-priority projects, including those identified by the Australian Water Safety Council in the revised National Water Safety Plan 2004–07.

In 2004–05, the Department administered funding totalling \$4.99 million to the four national recreation safety organisations, Surf Life Saving Australia, Royal Life Saving Society Australia, AUSTSWIM and the Australian Ski Patrol Association, to

support the general administration of the organisations and assist in the delivery of water and alpine safety programs. Special-purpose and high-priority project funding was also provided to support 29 projects.

Twenty-two water safety and seven alpine safety projects were funded (see figure 2.23).

In addition, the Government has committed \$1.5 million over four years from 2004–05 to Surf Life Saving Australia to support a range of activities to enable Australians to celebrate the centenary year of surf lifesaving in Australia, the 2007 Year of the Surf Lifesaver. In 2004–05, the Department administered a grant of \$500 000 to Surf Life Saving Australia for this purpose.

Figure 2.23 Water and alpine safety—key objectives

Australian Government water safety objectives	Number of projects funded which met objective
Water safety education	11
Water safety research	4
Aquatic locations	3
Targeting key drowning demographics	4
Australian Government alpine safety objectives	Number of projects funded which met objective
Alpine rescue service provision	3
Alpine safety education and public awareness campaigns	3
Production of alpine safety resource materials	1
Management of alpine recreation locations	0

All organisations met the required performance indicators and payments were acquitted within the specified timeframe. The Department's annual client service survey report also showed that 100 per cent of respondents rated the Department's service as good or excellent.

The National Recreation Safety Program (water and alpine safety) was reviewed by the Department in 2004–05. The positive conclusions of the review resulted in the announcement in the 2005–06 Budget of renewed funding of \$10.6 million over four years.

Sport and Recreation (Anti-Doping) program

High-quality research

The Department administers the Sport and Recreation (Anti-Doping) program, which provides funding to academic and scientific organisations to undertake anti-doping research, with the aim of improving the analytical capability of detecting the use of banned substances and doping agents in sport. The program also provides funding for Australia's annual subscription to the World Anti-Doping Agency.

In 2004–05, \$1.591 million was made available under the Sport and Recreation (Anti-Doping) program, of which \$316 000 was used to pay the World Anti-Doping Agency subscription, and the remainder made available for anti-doping research. The Anti-Doping Research Program panel,

chaired by the Department, coordinates the allocation of the research funding and monitors the progress of funded projects.

Research grants totalling \$627 000 were made under the Sport and Recreation (Anti-Doping) program, compared with total grants of \$885 140 in 2003–04.

Figure 2.24 lists the anti-doping research projects that received funding in 2004–05. Funding allocated under the program was below expectation in 2004–05, with approximately 50 per cent of the available money being allocated to projects. The full amount of available funding was not allocated because not enough research proposals of a sufficient standard were submitted. Particularly, no applications meeting program criteria were received against the research areas of exogenous and endogenous anabolic steroids and projects relating to the prohibited substances list. The Department is currently examining ways to enhance the number and quality of research proposals submitted for consideration.

Final reports submitted for projects funded in 2002–03, and progress reports for projects funded in 2003–04, demonstrate that all projects had made good progress, particularly those research projects conducting tests to detect erythropoietin and growth hormone doping. All projects complied with the grant requirement that they provide progress reports within agreed timeframes. In addition, the Department's annual client service survey report showed that all respondents rated its service as good or excellent.

Programs and activities funded under Backing Australia's Sporting Ability were reviewed in 2004–05. The Government recommitted to the program in the 2005–06 Budget, providing additional funding of \$5.1 million over four years from 2005–06. This was over and above the Government's 2004 election commitment to increase resources for anti-doping research by \$2.6 million over four years from 2004–05.

Australian Government assistance to stage the Deaflympic Games

High-quality administration of financial assistance for Melbourne 2005 Deaflympic Games

The 2005 Deaflympic Games (M2005 Games), held in Melbourne and Ballarat

from 5 to 16 January 2005, were an important event for Australia generally and Australia's deaf and hard-of-hearing community in particular.

The Australian and Victorian governments each provided up to \$4 million to the M2005 Organising Committee to support the staging of the Games. The Australian Sports Commission provided an additional \$150 000 to support the M2005 Games.

The Melbourne 2005 Deaflympic Games Ltd (M2005 Organising Committee) managed the planning, promotion, staging and service delivery of the Games.

The M2005 Games was the largest multi-sports event to be held in the world in 2005 and the largest Deaflympic Games to date, with more than 3600 athletes and officials from 78 nations competing in 15 sports. The president of the International Committee for Sports for the

Figure 2.24 Sport and Recreation (Anti-Doping) program—high-quality research 2004–05 funding

Priority research areas		Funding
Factors enhancing the oxygen-carrying capacity of blood	Feasibility study for the production of certified reference materials for the measurement of the testosterone/epitestosterone ratio in a urine matrix (National Measurement Institute)	\$200 000
Factors regulating and enhancing growth	Defining interactions between anabolic and peptide hormones: requirement for a robust test for growth hormone doping (Garvan Institute of Medical Research)*	\$427 000
Exogenous and endogenous anabolic steroids	No projects were funded under this research area	
Projects relating to the prohibited substances list	No projects were funded under this research area	

* The project received Anti-doping Research Panel funding in 2002–03 and 2003–04.

Deaf said at the closing ceremony that they were the ‘best Deaflympics ever’.

The Department administered the funding agreement between the Australian Government and the M2005 Organising Committee. Funding was provided in three instalments during 2004–05.

The M2005 Organising Committee complied with 24 of 26 performance indicators for 2004–05. The Department agreed to defer the due date for submission of the final report and audited financial statement as a result of unavoidable delays experienced by the M2005 Organising Committee in settling claims from creditors and finalising its financial affairs.

The Australian Government also provided \$400 000 to Deaf Sports Australia to support the Australian team’s participation in the M2005 Games. The support contributed towards the Australian team of 170 athletes, the largest to represent Australia at a Deaflympic Games. The team recorded its best-ever performance to finish 13th on the medal table, winning four gold, six silver and three bronze medals.

Deaf Sports Australia complied with the conditions of the funding agreement and with agreed performance indicators for 2004–05, except that the Department agreed to defer final acquittal of the grant until 2005–06 to ensure that Deaf Sports Australia complied with all conditions of the funding agreement and that these were appropriately addressed in its final report.



Australian Deaflympic team medal winners after the Melbourne Games in January 2005

Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne

High-quality administration of financial assistance for the Melbourne 2006 Commonwealth Games

In 2003–04, the Australian Government provided \$40 million to the Victorian Government to support the staging of the M2006 Games. The Department continued to administer the funding agreement through 2004–05. No additional financial assistance was provided to the Victorian Government during 2004–05.

During 2004–05, the Victorian Government complied with 13 of 15 (86.6 per cent) performance indicators relating to the implementation of the initial funding agreement.

The second funding agreement between the Department and its Victorian counterpart for the provision of the remaining \$62.9 million was not finalised due to delays in reaching agreement on the manner in which the Australian Government's financial and other support for the M2006 Games would be recognised and acknowledged. Negotiations on the second funding agreement were continuing at the conclusion of the financial year.

Australian Government financial support for the development of sporting facilities

High-quality administration of financial assistance

During the 2004 election the Government made 38 funding commitments for:

- the redevelopment of the Whitten Oval at Footscray, Victoria (\$8 million);



The Minister for the Arts and Sport, Senator Rod Kemp, with Melbourne 2006 volunteer applicants Michael Ng and Maryam Karim at the Volunteer Program launch in January 2005; the Australian Government is fully funding the M2006 Volunteer Program as part of its contribution to support and stage the Melbourne 2006 Commonwealth Games

- an upgrade of Penrith Stadium in Western Sydney, New South Wales (\$10 million);
- up to seven different projects to improve sporting facilities in Tasmania (up to \$7.87 million);
- the development of the Geelong Legends Sporting Boulevard as part of stage 2 of the Skilled Stadium redevelopment plan at Kardinia Park, Geelong, Victoria (\$2 million);
- an upgrade of Kogarah Oval in Sydney (\$8 million); and
- 27 different projects to improve sporting facilities throughout Australia (\$1.98 million).

During 2004–05, the Department completed funding agreements for 29 of the above projects, resulting in total payments of \$4.72 million. Funding commitments for nine of the 38 projects,

including Whitten Oval, Penrith Stadium and Kardinia Park, were not finalised during 2004–05 due to delays in receiving project details. In each case, the Department continues to work closely with the project proponents to finalise these funding commitments.

In accordance with agreed reporting schedules, recipients will commence reporting during 2005–06 on the progress of funded projects.

Sporting opportunities for Indigenous People

High-quality program funding and grant administration for the Sporting Opportunities for Indigenous People program

The broad objective of the Sporting Opportunities for Indigenous People program, now known as the Indigenous Sport and Recreation Program, is to improve the health and wellbeing of



The Sport Programs team: From left to right: Paco Iglesias, Kath Paton, Anthony Galliozzi, Damien Brazel, Jon Jones

Case study

Kimberley Women in Sport and Recreation Project

Many Indigenous people in the Kimberley area of Western Australia play Australian Rules football. The players have usually been young males and the project's designers decided to find a way to encourage more Indigenous females to participate in sport and recreation activities.

Women and girls who participate in the Kimberley Women in Sport and Recreation project mainly play softball and netball, and they are also encouraged to learn coaching and officiating roles. The program takes the opportunity to identify potential community leaders and to develop them to take leadership roles in their communities.

The project, part of the Indigenous Sport and Recreation Program, began in January 2005 and is run by the Garnduwa Amboorny Wirnan Aboriginal Corporation. Whole communities are encouraged to participate, whether by simply coming to watch or by helping out on match day. There have been carnivals for softball, netball and other sports, accredited coaching courses and development camps. Some of the events have incorporated a 'health and life skills' component. Messages like 'Smarter

than Smoking' and 'Drink Play No Way!' are promoted at all the activities.

Indigenous Sport and Recreation Program funding for the Kimberley Women in Sport and Recreation project has enabled the employment of two Indigenous women as development officers, one in Halls Creek and the other in Wyndham. This is in addition to the program funding provided to Garnduwa for three development officers who will assist with the project.

Although the project is still in its early stages and its impact is still to be assessed, feedback from schools and communities has been very positive. By June this year, almost 3500 people had participated in one or more of the activities.

The Kimberley Women in Sport project is already helping to pave the way for a whole-of-government approach to servicing Indigenous communities in the Kimberley area. Discussions are under way between government agencies, non-government organisations, the private sector and Indigenous communities with a view to establishing a multi-regional sport and recreation partnership.



Participants in the Kimberley Women in Sport and Recreation project in action, attending softball clinics at the Balgo community's school oval

Indigenous people through participation in sport and recreation. The program operates Australia-wide.

The Sporting Opportunities for Indigenous People program was transferred to the Department from the former Aboriginal and Torres Strait Islander Services agency on 1 July 2004. During 2004–05, payments were made by the Department of Immigration and Multicultural and Indigenous Affairs until 6 January 2005, at which point the remaining funds (\$5.6 million) were transferred to the Department. The funding figures below are based on 2004–05 Budget figures for the full year including funds initially held by the Department of Immigration and Multicultural and Indigenous Affairs.

The Indigenous Sport and Recreation program consists of three elements.

- The Regional Funding Program provides assistance for local sport and recreation projects. Funding is provided mostly for community-based sport and physical recreation programs, including skills development programs, carnivals and events and, to a lesser extent, facilities and equipment.
- The Multi-Regional Funding Program provides assistance to community-based organisations for projects carried out in more than one region that assist Indigenous people. The majority of funding supports community-based programs that

directly engage young people in sport and physical recreation activities, including major carnivals and events.

- Funding for the Indigenous Sport Program is provided by the Department. The program is administered by the Australian Sports Commission under a memorandum of understanding with the Department. It includes an elite Indigenous travel and accommodation assistance program providing grants to Indigenous athletes attending national and international competitions. It also funds a network of Indigenous sport development officers attached to most state and territory sport and recreation departments. The Indigenous sport development officers develop and implement community sport programs in Indigenous communities in conjunction with state and national sporting organisations.

In 2004–05, \$9.1 million was provided under the regional and multi-regional elements of the Sporting Opportunities for Indigenous People program. This includes the Department of Immigration and Multicultural and Indigenous Affairs component of \$4.7 million. A total of 328 funding submissions were received and 179 (or 55 per cent) were approved for funding. The average grant amount was \$51 397.

In approximately 84 per cent of cases, the decision to approve or decline 2004–05 funding was finalised within two weeks

DCITA ANNUAL REPORT 2004–05

Outcome 2—Administered items

of the start of the financial year, including processing the first release of funds for approved projects. Activities not approved within this timeframe required further information from applicants, or concerned projects where the proposed activity was to be held later in the financial year.

The 179 grants administered encompassed a wide range of sport and physical recreation activities in urban, regional and remote locations across Australia. They included sporting competitions and carnivals, outdoor adventure camps, skills development programs, healthy living workshops, fitness clinics, equipment upgrades and sports traineeship programs. Some specific projects have been noted for a high level of success in diverting young people away from antisocial behaviour.

The Geraldton Sporting Aboriginal Corporation in Western Australia, for example, is using sport and physical recreation activities as a tool to change the lifestyles of young people, particularly primary school students and their families.

The sport and recreation activities in Geraldton are supported by messages that promote healthy living and personal development such as self-esteem, leadership and teamwork. This is conducted in partnership with other agencies such as the Western Australian state health agency Healthway.

Feedback from community members, schools and other agencies indicates that school attendance rates have increased,

as has the number of young people and family members participating in sport and physical recreation activities.

Some participants have reached a high competitive level including Olympic boxer Anthony 'Blue Boy' Little, one of a handful of Indigenous boxers to attend the 2004 Olympic Games in Athens. His achievements have instilled a sense of pride in the wider Geraldton community.

The Department's annual client service survey report showed that 91 per cent of sports clients were satisfied with the Indigenous sport services provided by the Department.

End-of-year reporting by funded organisations on financial and project performance is not due until early in the 2005–06 financial year. It is therefore not possible to provide final information on the number of unacquitted grants.

Under a memorandum of understanding between the Department and the Australian Sports Commission, 614 grants totalling almost \$500 000 were approved for assistance by the commission under the elite Indigenous travel and accommodation assistance program. In all cases grants were processed within one week of receiving the application. The network of Indigenous sport development officers funded under the memorandum of understanding continued to work closely with state and national sporting organisations in conducting accredited skills development programs across a range of sports and in organising sporting programs and events.

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

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.

The compliance rate for Question Time briefs has increased significantly compared to the previous year. The Department's processes will continue to be monitored, however, to achieve further improvement in the compliance rate. In all cases, where original targets were not met, alternate timing for the submission of Question Time briefs was negotiated with

the Minister's office and all briefs were provided within those timeframes.

The responses to three parliamentary questions on notice were not provided within the required timeframes. While delays in responding can be attributed to the complexity of responses required and the need to consult portfolio agencies, this result is not acceptable. Portfolio agencies and departmental staff have been reminded of the need for quick turnaround and from now on responses will be personally monitored by the Arts and Sport senior executive.

Figure 2.25 Advice provided within agreed timeframes

Type of advice	2003–04		2004–05		% change
	Total	(%) on time	Total	(%) on time	
Ministerial correspondence	63	74	122	78	+4
Briefings initiated by the Department	172	not applicable	218	not applicable	not applicable
Meeting briefs	64	77	70	72	-5
Question Time briefs	57	28	69	58	+30
Parliamentary questions on notice	5	60	4	25	-35

Case study

Enhancing Australia's anti-doping framework

Australia's Tough on Drugs in Sport strategy is regarded internationally as best practice. It has a strong policy and legislative framework, a high-class drug testing program, comprehensive anti-doping education and a program of measures to deter the flow of illicit drugs. It is also a leader in fostering international collaboration.

It is important, however, for the Department to evaluate the strategy regularly and to be alert for opportunities for improvement.

In 2004–05, for example, a need was identified to develop more robust, consistent, transparent and independent mechanisms to handle the investigation and prosecution of sports doping allegations.

The Department had been working for some time with the Australian Sports Commission and the Australian Sports Drug Agency on options to improve the investigation and hearing of possible doping violations.

In 2004, the issue of drugs in sport received widespread publicity when allegations were aired about possible doping violations by members of the Australian cycling squad.

A report by Robert Anderson QC, prepared in response to those allegations, recommended the establishment of a body independent of the Australian Institute of Sport, the Australian Sports Commission and of sports themselves. It should, he stated, have the power to investigate 'suspected infractions such as substance abuse' and carry out prosecutions where warranted.

At the same time as Mr Anderson's investigations, the Government had been examining the issue of an independent body to deal with alleged doping infractions. In November 2004, the Department consulted widely as the basis of a discussion paper on how to improve arrangements for investigating and prosecuting sports doping allegations.

This feedback was to develop a proposal for a new Australian Sports Anti-Doping Authority (ASADA), announced by the Government on 23 June 2005.

ASADA will be central to anti-doping activities. It will test for and investigate doping allegations, present doping cases before sporting tribunals, and take over the policy development, approval and monitoring role of the Australian Sports Commission.

It will also assume the testing, education and advocacy functions of the Australian Sports Drug Agency, and incorporate the Australian Sports Drug Medical Advisory Committee.

News of the new authority was well received by stakeholders including the World Anti-Doping Agency, the Australian Olympic Committee and key sporting organisations. Legislation will be introduced to parliament with a view to making ASADA operational as early as possible in 2006.

The Department provided policy advice on a range of complex issues during the year, including:

- anti-doping, including compliance of Australian sports with the World Anti-Doping Code, development of the UNESCO Convention on Anti-Doping and issues relating to the Anderson report into allegations of doping against certain members of the Australian cycling team;
- policy, procedural and legislative options for enhanced arrangements for the investigation and hearing of sports doping allegations;
- requests from the Victorian Government for Commonwealth legislation to protect Commonwealth Games indicia and to provide customs tariff exemption for non-commercial goods imported to Australia at the time of the M2006 Games by Commonwealth Games Family members;
- Australian Government involvement in the M2006 Games, including advice on the provision of financial and other support to the Victorian Government;
- support for the staging of the M2005 Deaflympic Games and support for the Australian team; and
- a coordinated, whole-of-government communications strategy for the M2005 and M2006 Games.

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

The Government is represented on the executive committee and foundation board of the World Anti-Doping Agency by the Minister for the Arts and Sport. The Department provided policy advice to the Minister in performing this role and represented him at meetings he was unable to attend. In addition, the Department coordinated the Government's involvement in the development of the World Anti-Doping Code and the UNESCO Convention Against Doping in Sport.

The Department's contribution to these initiatives is summarised in figure 2.26.

Figure 2.26 International anti-doping initiatives

World Anti-Doping Agency		
Initiative	Purpose	Department's contribution
World Anti-Doping Agency Executive Committee and Foundation Board meetings	Promotion, coordination and harmonisation of anti-doping measures internationally	<p>The Department represented the Oceania region and Australian Government at three meetings of the World Anti-Doping Agency executive committee and two meetings of the Foundation Board in 2004–05. The Department made a contribution at these meetings on a number of issues including:</p> <ul style="list-style-type: none"> • arrangements for the election of a World Anti-Doping Agency vice-chair; • a fast-track process for amending international standards; • the need for ongoing monitoring of World Anti-Doping Agency strategic planning objectives, including in respect of code compliance; and • ensuring there was robust discussion about the contents of the 2005 Prohibited Substances List.
Government funding for the World Anti-Doping Agency	Provide funding for the promotion, coordination and harmonisation of anti-doping measures internationally	<p>100 per cent of the Australian Government contribution to the annual World Anti-Doping Agency budget was paid on time. The timeliness of contributions from member governments continues to be a difficulty for World Anti-Doping Agency, who have been appreciative of the good example set by the Oceania region.</p>
World Anti-Doping Code	Development of standards and harmonisation for international anti-doping measures	<p>The Department undertook a number of initiatives domestically to ensure implementation of the World Anti-Doping Code, including:</p> <ul style="list-style-type: none"> • coordination of amendments to the <i>Australian Sports Drug Agency Regulations 1999</i> to enable Australian Sports Drug Agency to align their procedures to meet their obligations under the World Anti-Doping Code. The amendments were consequential to amendments made to the <i>Australian Sports Drug Agency Act 1990</i> in the previous financial year. The regulations were gazetted on 6 August 2004; • coordination of amendments to the <i>Australian Sports Commission Act 1989</i> to correct procedural impediments to the Australian Sports Commission (ASC) executive director being able to pass customs information to sporting organisations to allow them to undertake subsequent investigation and action. The Act received Royal Assent on 1 April 2005; and • in conjunction with the Australian Sports Commission and the Australian Sports Drug Agency, working closely with sporting organisations, in particular a small number of professional sports, throughout the year to ensure that their anti-doping policies would be consistent with the code by 30 June 2005. All but one of the ASC funded sports submitted code compliant policies by the due date. That sport is now code-compliant.

UNESCO		
Initiative	Purpose	Department's contribution
UNESCO International Convention against Doping in Sport	Development of an international anti-doping instrument that will harmonise and coordinate anti-doping efforts across governments	<p>Through the Department, Australia was a leading participant in the development of a UNESCO International Convention Against Doping in Sport, including through representation at an intergovernmental meeting of experts. The UNESCO director-general provided a preliminary draft of the UNESCO Convention to member states for comment in July 2004. The Department coordinated the Australian Government's formal response, which included consulting with relevant agencies and state and territory governments. The Department represented the Australian Government at the following meetings:</p> <ul style="list-style-type: none"> • an international conference of ministers and senior officials responsible for physical education and sport in December 2004; and • the third session of the Intergovernmental Meeting of Experts in January 2005. <p>Following these meetings, a final draft of the convention was developed and officially provided to member states in February 2005. The UNESCO Convention Against Doping in Sport will provide an instrument for national governments to strengthen their national anti-doping programs, and harmonise and coordinate anti-doping efforts in line with the World Anti-Doping Code. Member states will have an opportunity to adopt the convention at the next UNESCO general conference, scheduled for October 2005.</p>

Compliance with accountability standards

There were no internal or external audits of sport programs in 2004–05.

The Department conducted a review of funding provided under the Backing Australia's Sporting Ability strategy, which lapsed in 2004–05. The strategy was launched in April 2001 to encourage the development of a national sports system that is dynamic and innovative, while at the same time encouraging greater community involvement at the grassroots level. The review focused on the programs and activities of the Australian Sports Commission and the Sport and Recreation (Anti-Doping) program managed by the Department. These programs and activities were assessed as being appropriate, effective and efficient, and the Government provided \$170.4 million in funding over four years for the program in the 2005–06 Budget.

The National Recreation Safety Program (water and alpine safety) was also reviewed in 2004–05. The Government provided \$10.6 million over four years in funding for the program in the 2005–06 Budget.

Well-coordinated approach to Commonwealth involvement in Melbourne 2006 Commonwealth Games (M2006 Games)

The Australian Government will provide an assistance package, valued at \$280.8 million as at 30 June 2005, containing direct financial assistance and the provision of services to support the M2006 Games. The package includes \$102.9 million in direct funding to Victoria, as well as \$177.9 million in services and support to be supplied by Australian Government agencies.

The Minister for the Arts and Sport is coordinating the Australian Government's involvement in the M2006 Games. The M2006 Taskforce in the Department supports the Minister in performing this role.

The Department coordinates the involvement of more than 25 Australian Government agencies expected to provide services and support for the M2006 Games, and liaises with the Victorian Government on planning and delivery of Australian Government support.

The Department also services the M2006 Ministerial Committee on Non-Security Matters and a high-level officials group comprising the secretaries of relevant Australian Government departments, which provides advice to the ministerial committee. The group is chaired by the Secretary of the Department.

To monitor progress of those Australian Government agencies providing services and support for the M2006 Games, the Department coordinated the preparation of two progress reports on security arrangements and a further whole-of-government progress report covering security, non-security and communications preparations. The reports demonstrated that preparations for delivery of services and support were on schedule.

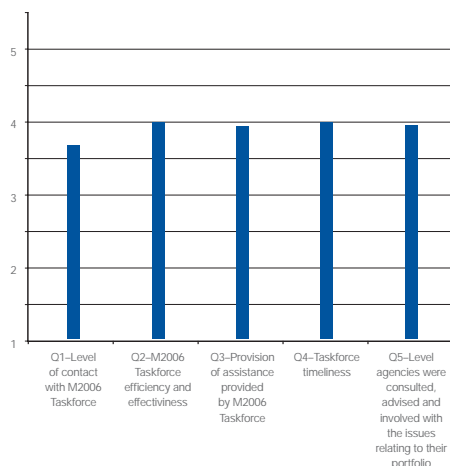
The Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Act 2005 (the M2006 Act), which commenced on 26 June 2005, provides greater protection against the unauthorised use of M2006 indicia. Protection provided by the M2006 Act is similar to protection provided by equivalent Commonwealth legislation enacted to protect Olympic indicia and images at the time of the Sydney 2000 Games. The legislation will provide a more secure environment for the M2006 Corporation to raise sponsorship revenue and reduce ambush marketing.

As in 2003–04, the M2006 Taskforce again evaluated its effectiveness through qualitative feedback from its stakeholders. The survey sought stakeholder assessment of the taskforce's level of contact with agencies, its efficiency and effectiveness, its ability to provide necessary assistance to stakeholders,

the timeliness of consultation and satisfaction with the extent to which they were consulted and involved. The effectiveness of the taskforce was rated consistently in the good to very good range. The survey results indicate that the taskforce maintained previous standards in relation to the quality of assistance provide to stakeholders, the timeliness of contact, and overall satisfaction with the level of contact with stakeholders. Compared to the previous year there was a significant increase in the level of contact with the taskforce, and a slight increase in the perceived efficiency and effectiveness of that contact.

The Department's annual client service survey report showed that 100 per cent of sports clients were satisfied with the policy advice, program management and agency support for the sports sector provided by the Department.

Figure 2.27 M2006 Taskforce client survey 2004–05



Highly effective budget management

As identified in the resources for outcome table on page 70, the overall price of output 2.1 was \$8000 under the budget estimate. Program expenses were on track with the budget estimate and running cost expenses accounted for the major part of the variation.

Outcome 2 administered funding programs were underspent by \$26.1 million in 2004–05. A number of funding agreements for the development of sporting facilities could not be finalised during 2004–05 due to delays in recipients providing project details, resulting in a \$16.4 million underspend. The slippage

will be rectified in the coming financial year. Under the Sport and Recreation (Anti-Doping) Program there was a \$0.6 million underspend on funding for research projects, for the reasons summarised at page 77. There were also further delays in commencement of the Holsworthy Rifle Range project, as described under Outcome 1 on page 48, resulting in an \$8.862 million underspend.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group each month. The commentary also includes forecasting of budget issues where appropriate.

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

Outcome 3

Resources for outcome 94

Performance information index 95

Achievement of outcome 97

Administered items 112

Output 3.1 144

Output 3.2 159

Output 3.3 170

Output 3.4 175

Output 3.5 179

Resources for outcome

Outcome 3

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

	(1) Budget 2004–05* \$'000	(2) Actual 2004–05 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2005–06** \$'000
Administered expenses (including third-party outputs)	455 720	425 346	-30 374	397 081
Total administered expenses	455 720	425 346	-30 374	397 081
Price of departmental outputs				
Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services	23 968	25 018	1 050	25 323
Output 3.2 Policy advice and program management which promote accessible high- quality broadcasting services	18 917	18 666	-251	14 657
Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry	7 958	8 214	257	7 410
Output 3.4 Policy and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	2 701	2 370	-330	1 798
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	14 308	13 762	-546	14 742
Revenue from Government (appropriation) for departmental outputs	66 817	66 923	106	63 456
Revenue from other sources	1 034	1 108	74	474
Total price of outputs	67 851	68 031	180	63 930
TOTAL FOR OUTCOME 3 (Total price of outputs and administered expenses)	523 571	493 377	-30 194	461 011
				2004–05
Average staffing level				2005–06
				395
				431

* Budget estimates are as at 2004–05 Portfolio Supplementary Additional Estimates statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements.

Performance information index

	Annual report page reference	PBS page reference
Outcome 3	97	72
Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry		
Administered items		
Australia Post—Australia's response to foot-and-mouth disease and other quarantine risks	112	72
Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)	112	73
National Relay Service	116	73
Universal Service Levy	116	73
Telstra Social Bonus—Building Additional Rural Networks (BARN)	117	73
Telstra Social Bonus—Local Government Fund	117	73
Telecommunications Service Inquiry response—mobile phone initiatives	118	74
Telecommunications Service Inquiry response—Internet Assistance Program	119	74
Telecommunications Service Inquiry response—National Communications Fund	120	74
Telecommunications Service Inquiry response—consumer representation	121	74
Telecommunications Service Inquiry response—telecommunications research	122	74
Regional Telecommunications Inquiry response—Higher Bandwidth Incentive Scheme (HIBIS)	123	75
ACA Regional Monitoring and Reporting Framework	123	75
Regional Telecommunications Inquiry response—Extending Mobile Phone Coverage	124	75
Regional Telecommunications Inquiry response—Satellite Phone Subsidy Scheme	124	75
Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund	125	77
Regional Telecommunications Inquiry—Demand Aggregation Brokers	127	78
Regional Telecommunications Inquiry response—ITC training and technical support	128	75
International organisations contributions	129	75
Television Black Spots and Television Black Spots—Alternative Technical Solutions	130	76
ABC and SBS Digital Interference Scheme	131	76
National Transmission Network Residual Funding Pool	131	76
Commercial Radio Black Spots program	131	76
Regional Equalisation Plan	132	76
Indigenous Broadcasting program	133	51 (PAES)
Community Broadcasting Training Fund	133	51 (PAES)
Community Broadcasting Transmission Support	135	51 (PAES)
ICT Incubators Program	138	77
Information Technology Online	141	78
NetAlert Limited	142	51 (PAES)

Outcome 3—Performance information index

	Annual report page reference	PBS page reference
Departmental items		
Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services	144	78
Output 3.2 Policy advice and program management which promote accessible high-quality broadcasting services	159	79
Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry	170	80
Output 3.4 Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	175	81
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	179	82
Evaluations Evaluation of the Telecommunications Action Plan for Remote Indigenous Communities	156	83

Achievement of outcome

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

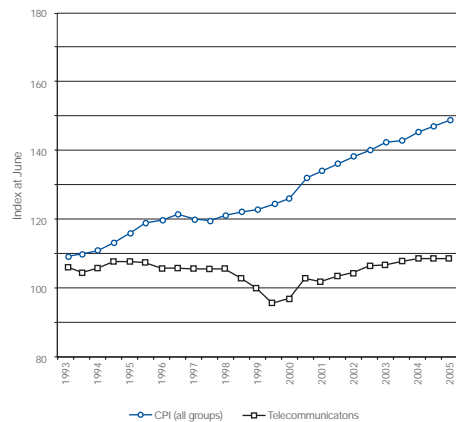
The Department contributes to Outcome 3 by providing strategic advice on policy and regulatory frameworks, and by developing and administering relevant programs.

Indicators across the communications and information and communications technology (ICT) sectors for the year were positive overall.

- Telecommunications prices fell (see figure 2.28), while revenue growth sustained its steady trend against gross domestic product (GDP) growth levels.
- Broadband connections have overtaken dial-up Internet connections, and nearly two-thirds of small and medium enterprises now have broadband access.
- The digitisation of free-to-air and subscription television services continued, and new and innovative content and services were introduced.

- Exports of information and communications technology services continued to grow.
- Australia improved its position in the Economist Intelligence Unit's 'e-readiness' rankings, receiving the second-highest ranking in the Asia-Pacific region and improving its position from 12th in 2004 to 10th in 2005.

Figure 2.28 Comparison between price increases in the telecommunications sector and the inflation rate



Source: ABS 6401.0 Consumer Price Index

Regional issues remained important for all aspects of communications. The Department continued to implement the Government's response to the Regional Telecommunications Inquiry (the Estens inquiry), focusing on telecommunications facilities and service levels, including those for Indigenous communities. Other initiatives, such as the television and radio black spots programs, have improved broadcasting reception in many regional areas. The Television Black Spots Program concluded during the year, having provided new services in nearly 250 communities.

The Australian Broadcasting Authority and the Australian Communications Authority worked towards the target date of 1 July 2005 for merging to become the Australian Communications and Media Authority. The new regulator, which will be responsible for regulating telecommunications, broadcasting, radio communications and online content, is better placed to respond to the impacts of convergence in the wider communications sector. *The Australian Communications and Media Authority Act 2005*, and nine consequential and transitional Acts enabling the merger, received Royal Assent on 1 April 2005.

Important strategic issues taken up in the Department's advice to the Government over the year included voice over Internet protocol services and mobile content,

both of which require a more flexible and collaborative approach to issues crossing different industry sectors. Issues raised by such technological convergence are also being addressed with the states and territories through bodies such as the National Broadband Strategy Implementation Group.

An emerging issue in the broader information and communications technology environment is the impact that these technologies have in enhancing productivity. The Department's report *Achieving value from ICT: key management strategies* demonstrates empirically that effective use of ICT can significantly improve productivity.

The Department plays a key role in ensuring that Australian policy interests are advanced in the many international negotiations and organisations that influence the communications and ICT sectors. During the year this has been achieved through multilateral and bilateral trade negotiations, promotion of telecommunications trade liberalisation in APEC, and the development of guidelines to help Internet service providers negotiate fairer Internet connection agreements internationally.

Competitively priced and reasonably accessible telecommunications services

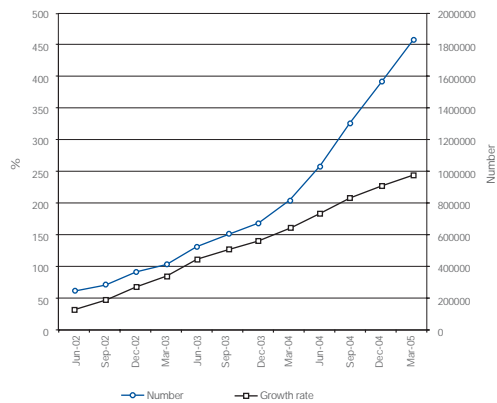
In 2004–05 there were a number of important developments in the telecommunications market, whose regulatory and policy framework:

- encourages open competition between service providers;
- supports fair access by service providers to telecommunications networks;
- gives the Australian Competition and Consumer Commission strong powers to investigate and address complaints about anticompetitive conduct;
- provides specific consumer safeguards, including the universal service obligation, customer service guarantee and price controls on Telstra's telephone services; and
- provides targeted funding, giving equitable and affordable access to telecommunications services, particularly in regional and remote areas.

Throughout the year, there was significant investment in new broadband infrastructure capable of delivering the

next generation of broadband services. The continued deployment of wireless and asymmetric digital subscriber line (ADSL) networks also provided increased choice for consumers and drove the strong take-up of broadband services shown in figure 2.29.

Figure 2.29 Broadband subscriber growth in Australia



Source: Australian Competition and Consumer Commission

In 2004–05, the Department began an evaluation of the telecommunications competition regime, particularly in the context of the possible privatisation of Telstra. In April 2005, the Department released an issues paper which examined structural issues, investment incentives and the general operation of the access regime and anti-competitive conduct issues, and invited comments from stakeholders (33 submissions were received).

Price control arrangements featured strongly in the year's regulatory landscape. In February 2005, the Australian

Competition and Consumer Commission delivered its report to Government on the nature of price control arrangements that should apply after the expiry of the *Telstra Carrier Charges—Price Control Arrangements, Notifications and Disallowance Determination No. 1 of 2002*. The Minister released the report publicly in March 2005.

The Government extended the period of the existing price controls for six months to the end of December 2005 to allow future price control arrangements to be considered at the same time as broader proposals for the telecommunications regulatory regime.

The Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Bill 2005 was introduced into Parliament on 23 June 2005. It provides increased protection for submarine telecommunications cables of national significance that link Australia to international networks and which carry the majority of Australia's voice and data traffic. The Bill passed Parliament in August 2005.

Following an election commitment by the Government to examine policy and regulation relating to next-generation network services such as voice over Internet protocol (VoIP), the Department participated in consultation workshops and examined 49 submissions in close collaboration with the Australian

Communications Authority and the Australian Competition and Consumer Commission. The Department's report to the Minister found that there was no need for change to primary legislation. But it did recommend changes to some subsidiary instruments to facilitate the development of services. Key issues included clarifying telephone numbering and emergency calling requirements.

Telecommunications consumer issues continued to play an important role in the Department's work. The Department participated as an observer on Telstra's Low Income Measures Assessment Committee throughout 2004–05 and provided the Minister with advice on the committee's annual report on the effectiveness of Telstra's package for low-income earners.

The Department advised the Minister on the report by the Australian Communications Authority on unexpected high bills and credit management in telecommunications, and consulted with stakeholders on the authority's findings and recommendations.

The Department monitored and advised the Minister on progress with the consumer contracts industry code of practice, published on 28 February 2005 and registered on 4 May 2005. The code is an important milestone in Australia's telecommunications self-regulatory regime, involving a high level of collaboration and cooperation between

industry and consumer stakeholders. Advice was provided on proposed amendments to the Telecommunications (Standard Form of Agreement Information) Determination 2003 to give effect to certain requirements in the consumer contracts code.

Access to telecommunications for the deaf, hearing impaired and speech impaired continued through the provision of the National Relay Service. The current contract for the National Relay Service is due to expire on 30 June 2006, and the Department began work on a competitive tender process for provision of the service from 1 July 2006.

Regional telecommunications issues continued to be significant. The Department conducted a community information campaign throughout 2004–05 to make regional consumers aware of telecommunications safeguards and opportunities available to them.

- Briefings on broadband initiatives and programs were held at 34 locations throughout regional Australia.
- An Indigenous telecommunications forum was held in Alice Springs.
- A poster campaign informed remote Indigenous communities about their rights and the services available to them.
- A regional information program included case studies of the

impacts of various Regional Telecommunications Inquiry initiatives.

- A series of community radio items was distributed via Indigenous radio networks and Indigenous media.

The Department was also involved in the development of a whole-of-government strategy for the evaluation of regional programs.

The telecommunications rollout under the National Communications Fund was completed, providing improved access to broadband telecommunications in 469 regional towns throughout Australia. More than 34 000 customers were connected to high-bandwidth services through support from the Higher Bandwidth Incentive Scheme (HiBIS), with demand continuing to rise.

Demand for funds under the Satellite Phone Subsidy Scheme reached record levels during the year. Funds from 2005–06 were rephased into 2004–04 to cover this need.

The final mobile phone tower sites were completed under the Towns under 500 and Selected Regional Highways programs.

The first 12 sites were established under the Regional Telecommunications Inquiry Extended Terrestrial Mobile Phone Coverage program.

A high-level steering committee from the Department, Telstra and the Australian Communications Authority accelerated the implementation of a range of Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) programs.

The Government signed agreements with seven organisations under the Regional Telecommunications Inquiry IT Training and Technical Support program.

In June 2005, Ministers from Asia–Pacific Economic Cooperation (APEC) member countries met for the sixth APEC Telecommunications and Information Ministers Meeting to determine the directions for APEC work in the communications sector for the next two years. The Department supported the Minister, Senator the Hon Helen Coonan, when she attended the meeting.

The meeting endorsed Australian initiatives on security, spam and technical standards to reduce telecommunications trade costs. Australia has taken a lead role in APEC to promote telecommunications trade liberalisation, including promoting a best-practice guide for implementing World Trade Organization commitments. The Minister held a number of successful bilateral discussions with counterparts from the APEC region including the United States of America, China and Singapore.

Competitively priced and reasonably accessible postal services

The postal services market performed strongly during 2004–05. Australia Post's basic letter volumes were stable, with an expectation that they would decline in the future as a result of electronic substitution. At the same time, Australia Post's parcel services continued to grow, reflecting the strength of this competitive sector. Another important market feature was the continued strength of Australia Post's retail network.

The Government's aim is to achieve a postal system that responds to competitive forces while imposing obligations that benefit consumers. Accordingly, 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. The Department has continued to provide advice on these regulatory issues.

The Department prepared legislation to establish a Postal Industry Ombudsman within the Office of the Commonwealth Ombudsman. These measures were included in the Postal Industry Ombudsman Bill 2005, which was introduced into Parliament on 11 November 2004. This legislation will provide Australian consumers with a

recognisable, dedicated and independent entity to deal with their complaints about postal services.

The Department continued to oversee Government funding provided to Australia Post to enable 100 per cent screening of incoming international mail to detect diseases such as foot-and-mouth. Advice was also provided to the Government on the possible need for legislation to enable state and territory quarantine officials to screen mail entering their jurisdictions for materials that may be harmful to agriculture.

The Department has also addressed some important mail security issues, including the potential for the mail system to be used to send dangerous or harmful goods.

Departmental officials represented the Australian Government at the Universal Postal Union Congress in Bucharest, Romania, between 15 September and 5 October 2004. This is a treaty-level congress, held every four years, that deals with international mail issues.

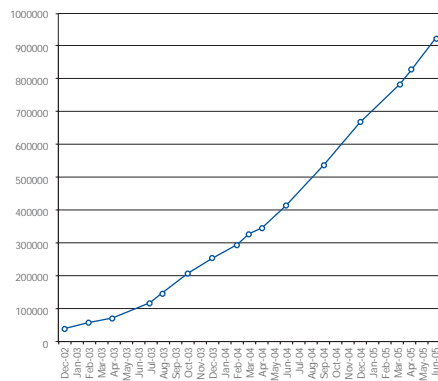
Accessible and high-quality broadcasting services

Australia's television and radio broadcasting sectors broadcast a range of high-quality programs. More than 90 per cent of households have access to

local free-to-air television services through terrestrial transmissions. The rest of the population has access via satellite.

The rollout of free-to-air digital television services has continued throughout the year. By the first half of 2005 around 85 per cent of Australians had access to the digital transmissions of all their local television services, and approximately 95 per cent had access to the digital transmissions of the ABC. An estimated 920 000 digital television receivers had been supplied to retailers and installers by 30 June 2005, more than half of those in 2004–05. The growth in the number of digital television receivers in the market is shown at figure 2.30.

Figure 2.30 Number of digital receivers in the market



Source: Digital Broadcasting Australia

Australia has three major pay-television networks which are either in the process of converting to digital mode or have announced plans to do so. The provision

of digital subscription television services has increased the choice of channels available to subscribers and enabled new interactive services to be introduced.

During 2004–05, community television services in Brisbane and Melbourne were issued long-term licences by the Australian Broadcasting Authority, and a licensing process was under way in Adelaide. These long-term licences add to existing licences issued for Sydney and Perth.

Radio services are also available throughout Australia, with terrestrial transmissions supplemented by satellite coverage for remote areas. A new commercial FM licence was allocated in Melbourne during the year, completing a significant expansion of commercial radio licences throughout Australia. The number of licensed community radio services increased from 341 to 359 in 2004–05.

The Department administers a number of programs designed to improve access to broadcasting services. The Television Black Spots program, which was concluded on 30 June 2005, fixed 237 black spots and arrangements have been made to fund the remaining five projects. They are due to be completed in 2005–06.

By 30 June 2005, solutions had been implemented for three black spots under the Television Black Spots—Alternative Technical Solutions program. Funding had been approved for a further three projects,

due to be completed in 2005–06, including solutions for areas around Port Stephens and the Gold Coast.

In 2004–05, financial assistance was provided under the Commercial Radio Black Spots program to extend or improve commercial radio coverage to 25 communities, bringing to 129 the total number of communities who have benefited from the program.

SBS Independent is a production company through which SBS Television commissions independent productions. During 2004–05, the Department reviewed SBS Independent in consultation with the ABC and the Department of Finance and Administration.

Based on the findings of the review, the Government announced in the 2005–06 Budget that it would continue to fund SBS Independent for four years from 2006–07, at a cost of \$37.6 million.

The Government also provided SBS with additional funding of \$4.7 million in 2005–06 to assist with the increasing costs of acquiring broadcasting rights to major sporting events.

Work on ABC and SBS funding will be priorities for the Department in 2005–06. In 2004–05 the Department began work to engage a consultant to review the adequacy and efficiency of ABC funding. This will implement a 2004 Government

election commitment and be the basis for the ABC triennial funding review. The Department also started work in 2004–05 on the triennial funding review for SBS.

To help implement its election commitments, the Government made 2004–05 additional estimates funding available to the Community Broadcasting Foundation. \$1.5 million a year has been provided to assist with transmission infrastructure and operational costs, and \$2.2 million over four years is to be provided to establish a training fund. These initiatives will give valuable assistance to an important part of the broadcasting sector.

A vibrant Indigenous broadcasting sector provides radio services in metropolitan, regional and remote areas. Twenty-one capital city and regional centre radio broadcasters were operating in 2004–05. At least 80 communities were receiving remote Indigenous broadcasting services provided under community broadcasting licences, and many more remote communities received other broadcasting services. Seven remote Indigenous media organisations supported training, equipment maintenance, content production and networking arrangements for these remote services.

On 1 July 2004, the Department gained responsibility for administering the Indigenous Broadcasting program, which supports the operation of Indigenous broadcasters and their peak

representative bodies. The program is a major support for Imparja Television, Australia's only Indigenous-controlled commercial television licensee.

The program is currently being reviewed to provide better support for Indigenous broadcasting needs. It is expected there will be consultation in 2005–06 about any proposed changes.

Development of an information and communications technology (ICT) sector, having regard to the importance of an innovative ICT sector in delivering broader economic and social outcomes

With nearly \$50 billion in annual revenue, the Australian information and communications technology sector is a substantial industry in its own right. It enables innovation across the economy and is a major contributor to national productivity growth. Building a sustainable and internationally competitive capability in information and communications technology will help achieve outcomes in areas important to the nation such as the environment, health, education, national security and water management.

Direct Australian exports during 2004 totalled \$4.2 billion, evenly split between

goods and services, with the key services sector having grown over the last decade. At least 355 000 people are employed as IT professionals, 55 per cent of them in non-ICT companies. A study commissioned by the Department found that about 80 per cent of information and communications technology production by small and medium enterprises occurs outside the traditional information and communications technology industry, demonstrating that ICT is reaching into other sectors throughout the economy.

The Department is supporting the development of the information and communications technology sector through a range of activities. These include establishing and implementing strategic policy frameworks, contributing to the Government's Backing Australia's Ability science and innovation package, and developing and implementing measures to support small and medium enterprises in the sector.

An ICT Advisory Board was established in May 2005 to provide an independent source of strategic advice on key issues likely to affect the sector's development. The panel's first task is to identify priorities so that industry and research can give clearer focus to its work and ensure that Australia's research and commercialisation efforts are aligned with international opportunities.

The pervasiveness of information and communications technology products and services throughout the economy means that ICT skills are no longer a narrow sectoral concern. An information and communications technology skills foresighting exercise began in late 2004 to review which ICT skills are in demand and investigate options for meeting future demands.

As part of its work on improving the ICT skills base in Australia, the Department



The ICT Initiatives Section meet to discuss the partCipaTion summit: back row l to r, Anne-Marie Villiers, Rachael Corby, Don Scavone, front row Charlotte Ahearn and Chris Willcox

commenced planning for a major summit in September 2005 to consider and address barriers preventing women and others from participating in ICT-related professions. The 'partICIPaTION summit' is being guided by an advisory group of eminent industry professionals, academics and educators. A key finding from work done in the lead-up to the summit is that increasing participation rates by both women and men in information and communications technology professions is a major business imperative for the long-term viability and competitiveness of Australian business as a whole.

The Department continued to support activities that enhance the underlying innovation infrastructure supporting the development of information and communications technology capabilities, particularly through initiatives under Backing Australia's Ability:

- managing Australia's participation in the Korea–Australia–New Zealand Broadband Summit in Seoul, Republic of Korea, in June 2005. The summit was attended by Senator Coonan and her Korean counterpart, together with senior official representation from New Zealand and industry representatives from all three countries (including one of the largest-ever ICT industry delegations out of Australia led by a minister);
- continuing to participate in the Australian Research and Education

Network Advisory Committee, which develops and reviews strategic directions and plans for the development of the network's infrastructure, and monitors the program's implementation and strategic outcomes;

- implementing the extension of the Advanced Networks Program from 2004–05 to 2006–07 under Backing Australia's Ability; and
- administering National ICT Australia's obligations under the Backing Australia's Ability ICT Centre of Excellence program. National ICT Australia has quickly established a critical mass of research, and is increasing its strategic research focus and linkages to other research activities.

The Department also continued initiatives directed at building competitiveness in small and medium enterprises by:

- helping to enhance market access for local ICT small and medium enterprises to key domestic and international markets;
- working with Austrade on the delivery of three projects to assist Australian ICT firms to take advantage of the opportunities created by the free trade agreements with the United States, Singapore and Thailand. These included developing resource material on intellectual property and doing business in the United

Outcome 3—Achievement of outcome

States, and holding seminars on new information and communications technology export opportunities in those markets;

- arranging, in conjunction with the Australian Information Industry Association (AIIA), a seminar in October 2004 on selling to government, targeting small and medium enterprises;
- releasing the publication *Selling ICT to government—a guide for SMEs*, aimed at making small and medium enterprises aware of Australian Government programs that support the information and communications technology sector;
- commissioning research to determine the level of small and medium enterprise participation in Australian Government information and communications technology contracts. Eleven Government

agencies, representing about 80 per cent of annual Government ICT procurement, were surveyed for the report for the years 2001–02 and 2002–03. In 2001–02, 28 per cent (\$526 million) of ICT procurement was gazetted to small and medium enterprises, rising to 30 per cent (\$556 million) in 2002–03; and

- supporting, for the third consecutive year, the Secrets of ICT Innovation competition, where Australia's leading innovative companies have the opportunity to promote their innovations to domestic and overseas markets.

The Department also continued to administer the Backing Australia's Ability ICT Incubators program for eight ICT incubators across Australia.

The incubators provide seed capital and business support services to innovative information and communications technology start-up companies.



Pictured at the Korea–Australia–New Zealand Broadband Summit in Seoul, June 2005: l to r Mr Colin Heseltine, Australian Ambassador to the Republic of Korea, Senator the Hon Helen Coonan, The Hon Dr Daeje Chin, Korean Minister of Information and Communication, and senior officials from the Korean Ministry of Information and Communication

Production of copyright content encouraged, and reasonable access to research and cultural materials promoted

The reporting period was again dominated by the extensive copyright reforms resulting from the Australia–United States Free Trade Agreement, culminating in the passage of the *Copyright Legislation Amendment Act 2004* and the gazettal of amendments to the Copyright Regulations 1969 in December 2004.

Early in the reporting period, the Department, in cooperation with the Attorney-General's Department, engaged in designing and drafting the copyright components of the *US Free Trade Agreement Implementation Act 2004*, which implemented the bulk of Australia's intellectual property obligations resulting from the agreement. These include an extension of the copyright term by 20 years, a new scheme to limit the liability of Internet service providers for copyright infringements, and new provisions in relation to subscription broadcast piracy, rights management information, performers' rights and enforcement.

In November 2004, the Department attended the World Intellectual Property Organization Standing Committee

on Copyright and Related Rights to participate in discussions aimed at preparing the way for a diplomatic conference to resolve a new copyright treaty for broadcasting organisations.

Following the November 2004 federal election, ministerial responsibilities for copyright were streamlined, with the result that responsibility for copyright policy now rests solely with the Attorney-General. Consistent with this change in portfolio responsibilities, the Commonwealth Copyright Administration function was transferred to the Attorney-General's Department in March 2005. Prior to the transfer of the function, the Commonwealth Copyright Administration continued to receive and process copyright permissions and licences in accordance with its function to promote reasonable access to Commonwealth copyright materials.

The Department retains a strong interest in intellectual property matters, reflecting the importance of intellectual property in the range of portfolio cultural, communications and information economy interests. Over the reporting period, the Department has contributed to Government initiatives to provide film directors with new rights, and to Government reviews on subscription broadcast piracy, licence fees for sound recordings and copyright exceptions, including the possible introduction of a 'fair use' exception.

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

The term information economy describes the transformation of economic and social activities through the application of information and communications technology. An information economy is one where information, knowledge and education are major inputs to business, social and community activities.

The Department is playing a role in this transformation by:

- developing the Government's Strategic Framework for the Information Economy;
- encouraging the business use of information and communications technology, particularly e-business;
- addressing impediments to the take-up of information and communications technology;
- monitoring and evaluating the impact of information and communications technology on economic performance at both the firm and aggregate level; and
- examining the social and community uses and impacts of information and communications technology.

Australia's strategic framework for the information economy 2004–06: opportunities and challenges for the information age was released by the Government in July 2004. It is a framework which provides a policy platform to address the challenges of maintaining Australia's position as a leading information economy.

The Department has undertaken leading-edge macro-economic work on the impact information and communications technology has on productivity growth. The work strongly suggests that traditional measures of productivity have understated both the importance of information and communications technology to our economic wellbeing and its impact on our productivity growth.

In 2004–05, the Department managed some innovative collaborative e-business projects, funded under the Information Technology Online program. This is a competitive funding program encouraging businesses, especially small and medium enterprises, to adopt e-business solutions.

The Department continued to work with Standards Australia and e-business practitioners on the development of national and international e-business standards. The objective is to promote interoperability across supply chains, with the potential to generate efficiencies and savings.

It is critical to build trust in online information and services so that Australians can realise the full benefits of the information economy. The Department has been active in researching trust in consumer transactions. This included developing online trust indicators that can be added to existing public and private surveys on Internet use; monitoring and analysing online activity, particularly transaction-based activities by Australians, as part of reporting on the growth of online activities; and developing focus group studies so online trust can be looked at from the consumer's perspective.

This work is complemented by the Department's work with regard to critical infrastructure protection and e-security policy.

The Department continues to maintain a key statistical focus on information economy monitoring work, producing the *Current state of play*, *Information economy index* and *Pocket statistics* publications.

The term e-research describes the impact that recent developments in information and communications technologies is having on the conduct of all forms of research. The term has particular application in describing large-scale projects involving very high levels of bandwidth capacity, computational power and data storage. In 2004–05 Senator Coonan, together with the Minister for Education, Science and Training, announced the formation of the

e-Research Coordinating Committee.

The committee will capitalise on the potential of e-research and the more than \$1 billion committed by the Government to improve research infrastructure.

The Department chairs the National Broadband Strategy Implementation Group, a forum for strategic collaboration between national, state and local governments to deliver the National Broadband Strategy.

The group has a collaborative approach, sharing information to ensure that strategies that are successful in one jurisdiction are identified for possible application more broadly. Work done by the education sector adviser has already achieved cross-jurisdictional improvement on broadband provision in the education sector.

Projects under the Coordinated Communications Infrastructure Fund have continued to attract strong support from project partners. Commitments from those partners are about double the Commonwealth investment. These projects are now delivering benefits for communities through improved access to high-quality communications services and related benefits.

Administered items

Australia Post— Australia’s response to foot-and-mouth disease and other quarantine risks

Compliance with screening standard

In 2001, the Australian Government decided that 100 per cent of inbound mail would be screened for sources of contamination by exotic animal diseases, particularly foot-and-mouth disease. Australia Post was given \$49.4 million over four years for major infrastructure changes in Sydney and Melbourne, minor capital improvements in Brisbane, Adelaide, Perth and Darwin, and the cost of employing more staff to open and close mail.

The Department’s role has been to administer the allocation of funds to Australia Post in accordance with the grant deed. One hundred per cent screening has been achieved despite delays in the construction of new buildings to house the necessary screening equipment. A new building in Melbourne is due for completion in October 2005 and a new building in Sydney is due to be completed in March 2006.

Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

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

The community phones program improves access to basic telecommunication services for people living in remote Indigenous communities. The program enables new types of telecommunications services and products to be installed. Several innovative solutions to the telecommunications needs of the communities are under trial.

The program has two elements, the community phones subsidy scheme and the community phones demonstration program. The subsidy scheme subsidises connection, capital and other costs of access to telephone services in remote communities. The scheme is also facilitating improved billing and payment arrangements to address ongoing access and credit management issues that have acted as a barrier for Indigenous communities. Innovative products and

systems that are likely to improve access to community telephone services are also demonstrated.

One project under the community phones subsidy scheme is the community phones trial. It has five initiatives.

- Community phones
- Telstra 'Country Calling Line' and the Country Calling Cards
- CDMA Wireless Local Loop (WLL) infrastructure
- Robust phones
- Regional agents

A community phone is a shared telephone service with a normal telephone handset (it can be in robust phone casing when requested by a community) in a location with 24-hour access.

Under the community phones trial in 2004–05, 24 community phones were installed, assisting 14 remote Indigenous communities.

The Country Calling Line is a trial prepaid residential telephone service made available when the customer opts to have the phone access charge (rental) debited from Centrelink payments, either monthly or fortnightly. The Country Calling Card is a new product that will allow people in remote Indigenous communities to make prepaid telephone calls from any fixed line. The cards will operate from an account number printed on the back. Cards will be

available in low denominations and can be topped up.

CDMA wireless local loop infrastructure was constructed in Cape Leveque and Bardi in the Dampier Peninsula region of Western Australia to test how alternative technologies can deliver fixed and mobile services to remote Indigenous communities more cost-effectively.

The robust phone casing, which has been developed jointly by Telstra and the Centre for Appropriate Technology, is a weather-resistant steel casing placed over a standard telephone to overcome extreme weather conditions such as storms and dust and to resist breakages. It is a card-only device using pre-paid cards. The robust phone casing was installed in 44 remote Indigenous communities in 2004–05.

Pitjantjatjara Yankunytjatjara Media Organisation (PY Media) was engaged as regional agent to liaise with remote Indigenous communities to assist in the application and siting of services under the community phones trial. Regional agents are Indigenous organisations experienced in liaison between communities, government agencies and service suppliers. The agents have been operating in the Broome and Kununurra regions of Western Australia, the Alice Springs, Apatula and Tennant Creek regions of the Northern Territory, and the Tiwi Islands.

Case study

The Indigenous Telecommunications Forum

The Indigenous Telecommunications Forum in Alice Springs on 17 and 18 May brought together representatives from Indigenous communities and all tiers of government, industry stakeholders, telecommunications service providers, academics and journalists.

The forum had several highlights. There were interactive workshops where delegates could discuss and debate issues and future policy directions from the differing perspectives of providers and users.

Delegates could road-test the latest equipment, such as the robust community phone, designed to withstand harsh weather conditions.

They tried out the Country Calling Card, which is a prepaid phone option, and investigated a language translation and animation project called MARVIN (messaging architecture for the retrieval of versatile information and news).

The Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, opened the forum. In her address, Senator Coonan outlined the whole-of-government approach under which ministers and departments work together across portfolio boundaries to achieve an integrated and appropriate response to the needs of remote Indigenous communities.

Senator Coonan also announced the commencement of the community phones program, which is trialling up to 240 community phones in 132 remote Indigenous communities. A community phone, unlike a payphone, can have its number listed in directories, receive incoming calls and send outgoing calls using the prepaid Country Calling Card. The Australian

Government is subsidising the connection and other access costs of the phones.

Feedback on the forum was good. One delegate, Mr Peter Radoll, is an associate lecturer at the Australian National University and a PhD candidate examining the adoption and effective use of ICTs in Australian Aboriginal communities.

‘The forum was hugely useful,’ Mr Radoll said. ‘The delegates discussed grassroots issues with service providers and DCITA. They could compare what other communities were up to with their telecommunications infrastructure and services.’



The robust community phone comprises a standard community phone placed within a weather-resistant steel casing

Under the community phones demonstration project, PY Media was engaged to train 20 remote Indigenous communities in how to use and maintain community phones and to develop training materials including posters and a manual.

Improved take-up and effective use of Internet services by remote Indigenous communities

Since it began in 2003, the \$710 000 TAPRIC Internet Access Program has enabled 170 remote communities to install public access, broadband-enabled Internet services. The program subsidises the cost of equipment and provides initial support and training. Of the 170 communities, 41 were enabled in 2004–05.

Under the Indigenous Communities Online Program, the Department approved 13 grants, totalling \$325 340, for the development of a range of online content such as websites for local community use and art sales, and content that will improve access to health and justice information. The projects demonstrated creative, appropriate and innovative use of information technology.

Multilocus was contracted by the Department to undertake a multimedia languages resource project by developing a series of language education CD-ROMs for remote Indigenous communities. The project concluded in 2004–05.

The Department received eight language education CD-ROMs and four teacher's aide manuals, which were sent to the National Library of Australia and the libraries at the Australian Institute of Aboriginal and Torres Strait Islander Studies and the Department of Family and Community Services.

Improved information flow, including increasing awareness in remote Indigenous communities of telecommunications opportunities and rights

The Department convened the National Indigenous Telecommunications Forum on 17–18 May 2005 in Alice Springs to demonstrate innovative telecommunications products to more than 150 delegates. Indigenous telecommunications projects were presented at the forum as poster sessions, providing information to Indigenous communities on topics such as 'priority assistance phone service', 'your right to a reliable phone service', 'how to manage your phone bill', and high-speed Internet.

The Department distributed media releases to announce the successful applicants for the Indigenous Communities Online Program and the Internet Access Program.

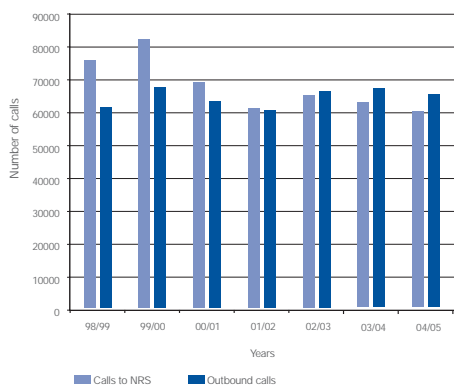
National Relay Service

Access to the service by target audience

The National Relay Service is a telephone relay service that Australians who are deaf or have a hearing and/or speech impairment can use to communicate with anyone who uses a standard telephone, and vice versa.

The service also provides a text-based emergency relay service and a community outreach program to raise awareness. The service is funded by a levy on eligible telecommunications carriers and is provided by the Australian Communication Exchange Ltd under a contract administered by the Department. Call data since 1998–99 is set out in figure 2.31.

Figure 2.31 National Relay Service call data since 1998–99



The 2004–05 figures are an estimate and are based on data from the first three quarters.

Source: ACMA Telecommunications Performance Reports

Universal Service Levy

Timely payments to universal service provider

The universal service obligation and special digital data service obligation are legislated safeguards under the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. The universal service obligation ensures that a standard telephone service and payphones are reasonably accessible to all Australians wherever they live or do business. The special digital data service obligation ensures that a one-way satellite data service, equivalent to 64 kilobits per second (kbps) integrated services digital network (ISDN) service, is reasonably accessible to those people unable to access an ISDN service.

All telecommunications carriers contribute to the funding of the universal service obligation and the special digital data service obligation services by way of the Universal Service Levy in proportion to each carrier's relative market share. The Department facilitated the timely payment of levy amounts received from carriers to universal service obligation and special digital data service obligation providers in July, December and June of 2004–05.

From 1 July 2005, the Australian Communications and Media Authority will administer the Universal Service Levy payments.

Telstra Social Bonus— Building Additional Rural Networks program

The Building Additional Rural Networks program was extended through 2004–05 to enable several of the projects to conclude successfully after unexpected delays.

The program was established in June 1999 to support the development of new networks, network services and products with an emphasis on the adoption of innovative solutions, and leading-edge technologies. The goals included the introduction of high-speed regional networks and strong participation of new telecommunications carriers and service providers. Of the \$67.3 million allocated over five years, \$35 million was incorporated into funding for the National Broadband Strategy in 2003. A total of 44 projects were funded in part or in full by the Building Additional Rural Networks program, taking up \$31.2 million of the allocation.

Improved access to telecommunication services

Eleven broadband infrastructure networks have been established and enhanced with Building Additional Rural Networks funding. The funding has enabled earlier introduction and development of new

technologies and architectures including wireless, cable, satellite and ISDN.

Services improved in rural and remote areas include public Internet access, videoconferencing, telephony for Indigenous communities, satellite mobile telephony for remote areas, and terrestrial mobile telephone services.

Telstra Social Bonus— Local Government Fund

Improved access to local government services

The Local Government Fund has continued to assist local government authorities in regional and rural areas to improve services to their communities through advanced telecommunications technologies. A total of \$43.3 million has been provided to 42 projects across the life of the program. The Department has worked on the program with the Australian Local Government Association and state and territory local government authorities.

Achievements under the Local Government Fund have been impressive. By June 2005, for example, under the Linking Councils and Communities project, 85 per cent of local governments in Western Australia had an established website. These websites improved access to online local government services to

approximately 41 per cent of the regional population in the state.

Similarly, in South Australia, projects under the Local Government Fund have provided a suite of online local government services to almost half of those living in regional and rural areas. The Local Government Association of South Australia has identified savings of around \$2 million for councils involved in these projects.

Telecommunications Service Inquiry response—regional mobile phone initiatives

The Telecommunications Service Inquiry was established on 9 March 2000 to assess the adequacy of telecommunications services in Australia. The following administered items are a response to the inquiry's recommendation.

Improved access to telecommunications services

The Satellite Phone Subsidy Scheme aims to make mobile phone communications more affordable for people living or working in areas where terrestrial mobile phone coverage is not available. Initial funding of \$3.9 million was provided as an outcome of the Telecommunications

Service Inquiry. Funding for the scheme was increased as a result of the Regional Telecommunications Inquiry process and the scheme has been carried forward as part of the Regional Telecommunications Inquiry response (see page 123).

Increased terrestrial mobile phone coverage

Through the \$23 million Towns over 500 program, the Australian Government is subsidising the extension of terrestrial mobile phone coverage to 131 regional towns with 500 or more residents.

By 30 June 2004, coverage had been provided to 111 towns. While Telstra has experienced delays in gaining planning approvals for new infrastructure in some of the remaining towns, infrastructure installations were completed during 2004–05 in a further 15 towns with a total population of 21 200. This brought the total which had received new or enhanced coverage to 126 towns by 30 June 2005.

Two further sites were in construction at year end, and the remaining three were waiting final development approval.

Through the \$18.8 million Towns under 500 program, the Australian Government is subsidising the extension of terrestrial mobile phone coverage to 55 regional towns with fewer than 500 residents.

By 30 June 2004, coverage had been provided to 48 towns. In 2004–05, the

final seven sites covering a population of 3245 were commissioned, completing the rollout of new services required under the agreement.

With the completion of these programs, terrestrial mobile phone coverage will be available to 98 per cent of the Australian population and 20 per cent of the Australian landmass.

Improved mobile phone coverage along regional highways

Through the \$19.1 million Selected Regional Highways initiative, the Government is subsidising the extension of mobile phone coverage to 62 lengths along 34 regional highways.

To 30 June 2004, 50 lengths had been completed. In 2004–05, the final 12 lengths were commissioned, completing the rollout of new services required under the agreement.

In 2003–04, a total of 1911 km of new or enhanced highway coverage was provided, while a further 865 km of highway coverage was provided in 2004–05. In total, 4116 km of new highway coverage has been provided up to 30 June 2005. This is substantially more than the 2621 km required under the agreement.

Telecommunications Service Inquiry response—Internet Assistance Program

The Internet Assistance Program began in July 2001 and was a joint initiative between the Australian Government and Telstra. The program provides an online help service and a technical support service, run by Telstra, to help Internet users achieve 19.2 kilobytes per second over Telstra's fixed-line network. Over the three-year life of the program the Government contributed \$8.3 million.

Under a licence condition, Telstra is now solely responsible for delivering the program. The licence condition requires Telstra to provide a technical support service which does remote line testing and on-site inspections, keeps lines in good condition and finds network-based solutions for users whose problems cannot be resolved by the online help service.

The Internet Assistance Program licence condition means that Telstra has to offer customers a national online help service. It has a self-help website, an Internet service provider website and a freecall 1800 number. The online help service provides self-help solutions and resources for users, including advice so they can correctly configure their computer, modem or other equipment, and improve their dial-up Internet speed.

Telecommunications Service Inquiry response—National Communications Fund

The National Communications Fund provided \$50 million over three years from 2002–03 to support significant telecommunications projects in the education and health sectors in regional Australia. Eight projects were funded across all states and the Northern Territory. Six of the projects were completed in 2004–05 and two will extend into 2005–06. A mid-term review of the fund was completed during the year.

Improved access to telecommunications

The National Communication Fund is providing high-speed bandwidth to health

and education institutions in regional areas and has flow-on benefits to local government, business and community groups. The improved access is delivering high-speed Internet for schools, specialist teachers and telehealth consultants through videoconferencing, along with access to online education and training.

By the end of 2004–05, projects provided improved telecommunications access to:

- more than 900 education institutions, mostly schools and many of them in remote communities, compared with 250 in 2003–04;
- more than 280 School of the Air students, compared with 200 in 2003–04; and
- nearly 240 health facilities, such as regional hospitals and community health centres, up from 50 in 2003–04.



Staff of the Telecommunications Consumer Policy Section, which is responsible for giving policy and program advice on telecommunications consumer issues: 1 to r Nikki Vajrabukka, Josh Davies, David Lever (Manager), Toni Ahkin, Iain Hilliard

Improvements in telecommunication infrastructure

New broadband technologies installed in towns covered by the National Communications Fund projects include asymmetric digital subscriber line (ADSL), business grade DSL (BDSL), government wide-band Internet protocol services and fibre optic local loop. Broadband satellite connections have been provided at a number of more remote sites. By the end of 2004–05, all of the projects had effectively been completed, and 469 regional towns had new or improved broadband infrastructure, compared with 89 towns at the end of 2003–04.

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 consumer's interests in telecommunications issues. Among other things, grants are intended to support consumer representation in the development of industry codes and standards.

During 2004–05, \$700 000 was made available to consumer bodies under the consumer representation grants program.

More than \$70 000 was provided in sitting fees to 26 consumer representatives on the Australian Communications Industry Forum Consumer Advisory Council and the Disability Advisory Board. Advice from the Australian Communications Industry Forum indicated that people who received sitting fees attended 90 per cent of committee or board meetings.

People who received grants in 2004–05 reported that the funding had assisted their participation in more than 288 meetings, including meetings of the Consumer Advisory Council and the Disability Advisory Board, other working groups, and more than 30 conferences or other forums. It helped with the preparation of 20 discussion papers or submissions, and the publication of at least 33 journal articles or newsletters.

In addition, three conferences were held to increase consumers' awareness of their rights and the telecommunications services available, as well as obtaining consumers' views on telecommunications issues.

Telecommunications Service Inquiry response— telecommunications research

Research published

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

In 2004–05, three organisations entered into agreements with the Department

for grants totalling \$135 000 under the Telecommunications Research Program. The University of Canberra was funded to carry out research into patterns of phone and Internet services in remote Indigenous communities, DandoloPartners Pty Ltd received funding to undertake research into the issues that regional Australians face with their use of broadband and broadband applications, and Novita Children's Services Inc was funded to undertake research into a prototype mobile phone interface system to allow severely disabled children and adults to independently use a mobile phone. It is anticipated that the three research reports will be made public in early 2006.



Staff from the Telephone Policy Section, responsible for issues relating to fixed telephone service provision, service standards and consumer safeguards, the universal service obligation and the Government's response to the Regional Telecommunications Inquiry: From left to right Eleanor Brooker, Liz Press (Acting Manager), Corey Hawke

Regional Telecommunications Inquiry response— Australian Communications and Media Authority regional monitoring and reporting framework

The Australian Communications Authority (now part of the Australian Communications and Media Authority) has introduced new measures into its reporting and monitoring framework. They focus on telecommunications services in regional, rural and remote Australia, covering:

- geographic availability and take-up of fixed voice, mobile, data, pay TV and payphone services, including services available in remote Indigenous communities; and
- regional performance of fixed voice, mobile and data networks, including a network congestion measure.

The new measures are underpinned by draft record-keeping rules for industry. Data collected under the new measures will be included in the authority's *Telecommunications performance report 2004–05*.

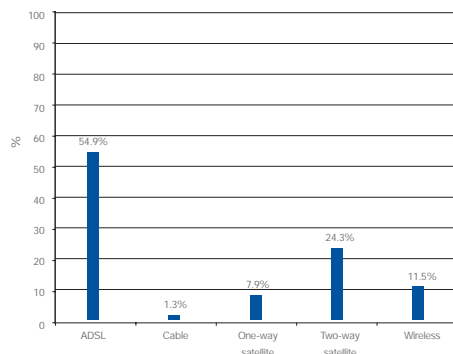
Regional Telecommunications Inquiry Response— Higher Bandwidth Incentive Scheme

Increased broadband take-up in rural and remote areas

The Higher Bandwidth Incentive Scheme (HiBIS) continues to prove successful in encouraging the provision of metro-comparable broadband access across regional Australia. The scheme allows for an incentive to be paid to Internet service providers registered with the scheme for each eligible customer supplied with a HiBIS-compliant broadband service.

As at 30 June 2005, the scheme had supported the connection of 34 337 eligible customers to HiBIS services Australia-wide, and customer numbers are increasing steadily. At the same date, there were 33 HiBIS-registered retail

Figure 2.32 Technology split—HiBIS customers



service providers, plus two 'wholesale only' providers supplying broadband to regional Australia. The Department is continuing to process several more applications from Internet service providers for registration as HiBIS providers.

The scheme is designed to be technology neutral, and registered providers use a variety of technologies. As shown in figure 2.32, at 30 June 2005, 54.9 per cent of HiBIS customers were connected by ASDL, 32.3 per cent used satellite (24.3 per cent using two-way satellite and 7.9 per cent using one-way satellite), 11.5 per cent used wireless and the remaining 1.3 per cent of customers used cable.

Regional Telecommunications Inquiry response—extending mobile phone coverage

Increased terrestrial mobile phone coverage

In April 2004, there was a restricted tender to select a carrier to provide new and improved mobile phone coverage in regional, rural and remote Australia.

Telstra was selected and signed a \$15.6 million funding agreement with the Australian Government in August 2004. Under the agreement, Telstra is required to provide new or improved mobile phone coverage to 62 locations in regional

Australia. Telstra is required to complete the rollout by 30 November 2006.

At 30 June 2005, 12 locations had been completed providing new or improved CDMA coverage to an estimated 3000 people. These locations provided approximately 9000 square kilometres of coverage.

Regional Telecommunications Inquiry response—Satellite Phone Subsidy Scheme

Improved access to telecommunication services

The Satellite Phone Subsidy Scheme was established as an outcome of the Telecommunications Services Inquiry. It was extended for a further three years following the Regional Telecommunications Inquiry. This extension was accompanied by an increase of \$3 million over three years in administered funding for the scheme.

The scheme now covers maritime and aviation users as well as terrestrial users. Under the new arrangements, the maximum amount of subsidy has been increased from \$1100 to \$1500, depending on the monthly access plan selected.

During the year, demand for the subsidy reached record levels. A total of 3399 applications were approved in the 2004–05 financial year, almost double the level in 2003–04 when 1788 applications were approved. Expenditure during the year was \$2.91 million compared to \$1.27 million in 2003–04.

The high level of demand for the subsidy necessitated the rephasing of \$500 000 of the 2005–06 allocation to 2004–05.

Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund

The Coordinated Communications Infrastructure Fund aims to encourage further investment in broadband infrastructure in regional areas. Projects are funded to bring high-speed bandwidth to health and education institutions, business, local government, Indigenous and community groups in regional and rural areas.

This infrastructure helps improve health, education and government services and contributes to significant economic and social outcomes.

Seven preferred applicants were announced on 20 April 2004 for the first round of the Coordinated Communications Infrastructure Fund. A further six preferred applicants were announced on 6 April 2005 for the second round, bringing the total number of funded infrastructure projects across regional Australia to 13. About 92 communities will benefit from round 1 of the program.

The program guidelines require that funding provided from the Coordinated Communications Infrastructure Fund (CCIF) must at least be matched by funds from the project partners. Actual funding allocated to infrastructure projects under the first funding round was more than matched by project partners as shown in figure 2.33. Round 1 projects announced in 2003–04 are now well under way and grant payments of \$5 million for the fund were made in 2004–05.

The Loddon Mallee Connect project, completed during 2004–05, has provided 33 communities in Victoria with access to a business grade digital subscriber line service that will enable health service providers to improve their clinical and administrative services. It will also allow businesses and residents in the region to transfer large files and link easily to online government services.

Figure 2.33 Coordinated Communications Infrastructure Fund funding

CCIF	Commonwealth funding	Other funding	Total value
Round 1	\$13.8 million	\$25.2 million	\$39 million

Case study

HiBIS gets broadband ‘into the hills’ in Tasmania

In 2004–05 the Higher Bandwidth Incentive Scheme (HiBIS) connected more than 34 000 customers to broadband. And the number of Australians living in regional and remote areas being helped by the scheme is growing steadily.

Dennis and Eleanor O’Donnell and their children live in the town of Nicholls Rivulet, south-west of Hobart in Tasmania. The topography of their area, and their distance from the nearest telephone exchange, meant that two-way satellite was the only viable option to get broadband.

Access to broadband through a HiBIS connection has dramatically improved their lifestyle. Dennis and Eleanor are university students, so they have found their satellite service invaluable. They use the broadband connection frequently to visit library sites, download lecture notes, and do research from home.

‘It used to take more than seven hours to download a file, whereas the same size file now takes about eight minutes to download. Our two-way satellite service has taken us from

an average download speed of two kilobytes a second to 260 kilobytes a second,’ Dennis said.

The O’Donnell children say they too are happy with the fast and reliable service, especially when they have large files to download.

Briefing Australians about the benefits of broadband

The Department held a series of broadband briefings around Australia throughout the year. People living in regional Australia were told about the Higher Bandwidth Incentive Scheme and other relevant initiatives.

Thirty-four briefings were held in regional towns in every state and territory. In addition, the Minister, Senator the Hon Helen Coonan, conducted a number of communications forums following the broadband briefing sessions.

The events meant locals could hear about what broadband can do for communities and to learn how they could benefit from the programs under the National Broadband Strategy.



At a broadband briefing session in Launceston, pictured from l to r: Senator Guy Barnett; Craig Cooper, Launceston Online Access Centre; Pat Bennett, Dorset eCentre Inc; Senator Helen Coonan; Mark Needham, National Farmers’ Federation; Michael Ferguson MP, federal Member for Bass

The District Council of the Yorke Peninsula project, undertaken during the reporting period, improved the community's access to data, voice and video capabilities within a 10-kilometre wireless local loop around the towns of Maitland, Minlaton, Yorketown and Warooka in South Australia.

Tenders were called in mid-June 2005 for the collection of data about the social and economic impact of broadband in selected rural and regional areas. The Department will use the data from this research and other sources to document case studies for the program.

Regional Telecommunications Inquiry—Demand Aggregation Brokers

The Demand Aggregation Brokers program involves a network of national, state and territory, and community brokers in demand aggregation initiatives for new broadband infrastructure and services. The program has committed \$5.6 million to 24 projects. The 13 round 1 projects announced in the 2003–04 financial year are now well underway and grant payments of \$2.5 million were made during 2004–05.

The program includes three core elements:

- national brokers working on multi-jurisdictional broadband initiatives in targeted areas such as health and education sectors;
 - state and territory based brokers, who work with governments and communities to develop demand aggregation projects, both across sectors and within particular geographic areas; and
 - community brokers, who work with communities to develop and implement specific broadband demand aggregation projects.
- National broadband advisers have been funded jointly by this Department, the Department of Education, Science and Training and the Department of Health and Ageing.
- Peter Nissen was appointed national broadband adviser for education in March 2004, and John Youngman was appointed as a national broadband advisor for the health sector in December 2004.
- The national broadband advisers have had some successes.
- South Australia, Tasmania and the Australian Capital Territory education departments are connected or are about to connect to AARNet's national and international backbone.
 - A NSW Independent Schools Association collaborative project to meet the bandwidth needs of 100 independent schools is being considered nationally.
 - A Vocational Education and Training Network demonstrator project is being developed so that a TAFE

in Armidale can gain access to a learning objects repository hosted by the Tasmanian TAFE in Hobart.

- The advisers are facilitating the engagement of health sector stakeholders in the discussion and planning of broadband initiatives.

State and territory broker funding agreements have been signed with the five mainland states and the Northern Territory.

Community-based brokers help community organisations to aggregate demand in their region, helping them negotiate with Internet service providers in their local area. To this end, brokers are encouraging HiBIS-registered service providers to deploy broadband infrastructure in regional areas.

About 105 communities have benefited from the first round of the Demand Aggregation Brokers Program. Thirteen preferred community-based broker projects were announced on 5 July 2004.

A further 11 preferred applicants were announced on 19 May 2005 under the second round of the program. This brought the number of community brokers to 24.

Tenders were called in mid-June for the collection of data about the social and economic impact of broadband in selected rural and regional areas. The Department will use the data from this research and other sources to document case studies for the program.

Regional Telecommunications Inquiry response—ICT training and technical support

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

The IT Training and Technical Support program is intended to make basic ICT training and technical support more accessible to people and organisations in very remote areas of Australia. It is anticipated that around 15 000 people in approximately 500 communities will benefit from this program. A total of \$8.8 million has been allocated to the program, which will be completed by 30 June 2007.

In 2004–05, \$6.38 million was committed in the first round of funding and agreements were signed with seven organisations, in Queensland, South Australia, Western Australia, New South Wales and the Northern Territory. Applications for a second round of funding were called for during the reporting period and will be allocated in 2005–06 for communities north of Tennant Creek in the Northern Territory.

International organisations contributions

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

The Department has participated effectively in the activities of the International Telecommunication Union. The Australian Government is focused on supporting uniform international telecommunication standards and encouraging other countries to adopt open and modern policy frameworks and regulatory arrangements. Australia, through the Department, contributed more than \$4.5 million to the International Telecommunication Union (ITU) in 2004–05.

Australia has been helping shape and develop the ITU's future priorities. In 2004–05 the Australian delegation achieved improvements to the financial operations and administration of the union. This included improvements to the working methods of the ITU telecommunication standards sector, put forward at the World Telecommunication Standardization Assembly in Brazil in October 2004.

The Department participated in standards development work for emerging Internet

protocol-based networks. The work also highlighted important regulatory and policy issues for Australia to consider as these networks are rolled out.

In June 2005, the Government expended \$500 000 to the International Telecommunication Union (ITU) to assist in establishing a tsunami early-warning system in the Indian Ocean. The project includes assessing the current telecommunications infrastructure of tsunami-affected countries and preparing infrastructure rehabilitation and disaster management plans.

The Department also represented Australia at the regional preparatory meeting for the World Telecommunication Development Conference in Vietnam in June 2005. Australian proposals for the development of telecommunications in the region were adopted for consideration at a conference in March 2006 in Qatar.

The Asia–Pacific Telecommunity is a regional communications development and cooperation organisation established by treaty. Australia, through the Department, paid \$256 773 to the Asia–Pacific Telecommunity in 2004–05.

The Department has been actively involved in developing and supporting capacity-building projects that will, through good governance, improve access and security in the region and help provide affordable telecommunications services.

Television Black Spots and Television Black Spots—Alternative Technical Solutions

The Television Black Spots program improves access to analogue television services in areas where television reception is poor. The program sought to fix at least 200 black spots before completion on 30 June 2005. By that date, new services had commenced in 237 black spots. Facilities were awaiting completion at a further five locations and arrangements have been made so that final payments can be made for these facilities.

As well as establishing new services, the program funded the replacement of obsolete equipment at 182 existing self-help retransmission sites, 106 of which serve Indigenous communities.

The Television Black Spots—Alternative Technical Solutions program provides alternative solutions such as digital services or satellite reception to a small number of black spots that could not be assisted under the Television Black Spots program.

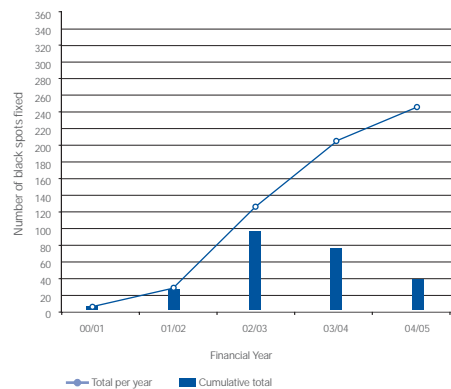
There are currently 21 alternative technical solution program candidates. A total of \$2.84 million was approved for six black spot projects under these programs in 2004–05. As at 30 June 2005, a combined total of 249 projects had been

approved for funding. Of these projects, 241 had been completed within that time.

In 2004–05, new facilities commenced transmission (or alternative solutions were implemented) in 39 black spots, compared to 91 black spots in 2003–04.

Figure 2.34 has the number of television black spots fixed under both programs, listed by year and cumulatively.

Figure 2.34 Number of television black spots fixed



Television fund

In 2004–05, \$7.3 million in total was provided to SBS, the Community Broadcasting Foundation and the ABC to improve access to national broadcaster and Indigenous television services in regional Australia.

SBS was funded to extend its analogue television service to 18 transmission areas with a population of 3000 people or more. The Community Broadcasting Foundation was funded to provide additional television

transmitters in about 150 places so viewers in remote Indigenous communities could watch both the ABC service and Imparja's Indigenous community television service broadcasts by satellite.

The ABC received funding to improve access to analogue television broadcasts for viewers in 12 regional areas of Victoria.

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 the national broadcasters incur in contributing to the interference management strategy. The strategy helps consumers overcome any interference problems associated with the introduction of new free-to-air 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. The Department transferred \$50 957 in 2004–05.

The average period between receipt of invoices (or relevant supporting information) and payment approval was

12 days. This compared favourably to the 2003–04 equivalent average of 17 days.

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 Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters and Radio for the Print Handicapped.

These commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure they are met and provide ongoing access to broadcasting services. Five grants totalling \$671 189 were paid in 2004–05.

Commercial Radio Black Spots Program

Removal of commercial radio black spots

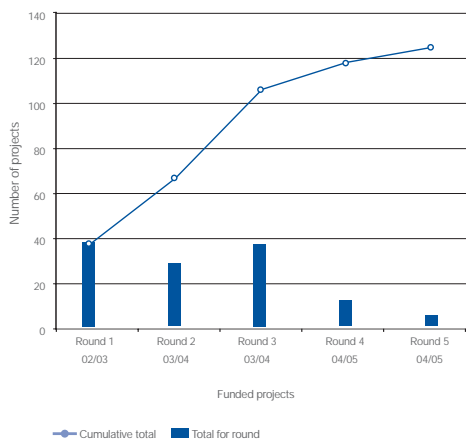
The \$5 million Commercial Radio Black Spots program commenced in 2002–03. It gave effect to a 2001 Government

commitment to provide assistance to commercial radio broadcasters so they could establish or improve services in areas that have not been commercially viable.

Funding rounds totalling \$585 000 were announced in 2004–05 for 19 black spot projects in 25 communities in New South Wales, South Australia, Queensland and the Northern Territory.

By 30 June 2005, assistance totalling \$3.493 million had been approved under the program for 127 projects (including two satellite uplinks) to serve 129 communities. The program is now closed to new projects, although funding has been extended into 2005–06 to allow outstanding eligible projects to be completed. Numbers of funded projects over the five program funding rounds are set out in figure 2.35.

Figure 2.35 Number of commercial radio black spots fixed



Regional Equalisation Plan

Assistance to regional and remote commercial television broadcasters for digital broadcasting

The Regional Equalisation Plan, announced by the Government in the 2000–01 Budget, provides more than \$200 million to help regional and remote commercial broadcasters introduce digital terrestrial television services.

The plan meets half of each of the capital costs and eight years operating costs of the digital transmission of existing broadcasting services.

The plan primarily comprises licence fee rebates administered by the Australian Broadcasting Authority (from 1 July 2005 part of the Australian Communications and Media Authority). In 2004–05 these totalled \$23.55 million.

In smaller markets, with less revenue and hence lower licence fees, the licence fee rebates are supplemented by cash grants administered by the Department. These enable licensees in these markets to achieve the level of annual Regional Equalisation Plan assistance agreed by the Government. In 2004–05, payment of grants totalling \$300 000 helped licensees in smaller markets to establish digital transmission facilities.

A further \$360 000 in cash grants was provided under the plan to Imparja Television, a commercial broadcaster which operates in remote, central and eastern Australia, to assist with significant equipment costs it is incurring in advance of its digital conversion.

Indigenous Broadcasting program

Access for Indigenous people to Indigenous-controlled broadcasting services

The Indigenous Broadcasting program supports Indigenous-controlled community radio services, including radio stations in five capital cities and 16 regional centres.

The program supports six remote Indigenous media organisations. They provide training, technical support and networking arrangements for broadcasting services in 80 remote communities.

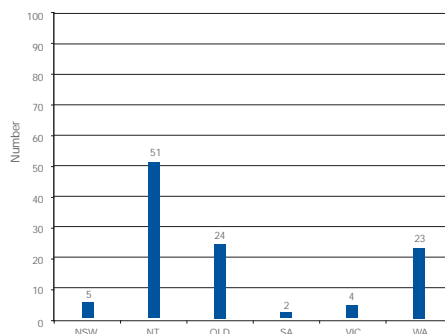
The program also provides assistance to Imparja Television, Australia's only Indigenous-controlled commercial television service, for the transmission and related costs of its Indigenous television service and for the uplink of networked Indigenous radio programming.

In 2004–05, funding of \$12.829 million under the program was paid to Indigenous-controlled broadcasting

services in 109 locations. The amount includes \$7.867 million paid by the Department of Immigration and Multicultural and Indigenous Affairs before the function was transferred to this Department.

The number of services funded in each state is set out in figure 2.36 below.

Figure 2.36 Number of Indigenous broadcasting services funded (by state)



Community broadcasting training fund

Access to training by targeted groups

Funding of \$2.2 million over four years was approved in the 2004–05 additional estimates process to establish a community broadcasting training fund. The Community Broadcasting Foundation was given \$500 000 in May 2005 to establish the fund.

Case study

Researching audience reach in community radio broadcasting

The Department required up-to-date and accurate empirical data on community radio listeners and their habits, to help with policy formulation into the future. The Community Broadcasting Foundation was funded in 2003–04 to conduct a national audience research project on community radio to measure the size and profile of the national and regional community radio audiences.

The foundation established a working group for the project known as the audience research advisory committee. It includes representatives from the Community Broadcasting Association, Radio Print Handicapped Australia Cooperative Limited, the Department, and a representative of the Indigenous community broadcasting sector.

The Department's Communications Research Unit worked with the audience research advisory committee to provide the necessary research and technical expertise and to ensure that the project employed the proper methodology.

About 5000 people were interviewed, using computer-assisted telephone interviewing techniques, between 2 March and 31 May 2004. The report of the survey results was launched by the Minister, Senator the Hon Helen Coonan, in September 2004.

An expanding sector

The research findings show that community radio's listenership is extensive: 24 per cent of Australians aged 15 or over, or 3.7 million people, listen to community radio in a typical week. Four per cent of these people, or 685 000, listen exclusively to community radio.

The reasons given for listening to community radio were greater choice, 'localism', a different style of presentation, and support for Australian music.

The analogue radio spectrum planning process has allowed the community radio sector to expand rapidly over the past 15 years and many new licences have been issued to community broadcasting organisations.

The research findings indicate that this growth has been changing the character of the sector. Regional, rural and remote stations have become more common than metropolitan stations, and in a particular service area there are now more stations with a defined community of interest than stations aiming to reach diverse audiences.

The research is a significant tool and will be instrumental in sector planning. The report can be found www.cbonline.org.au<3Cmedia<listener survey<McNair fact sheets.



Senator Helen Coonan launching a report of audience research results at the Community Broadcasting Association of Australia in September 2004

The foundation established a training advisory group to advise on the implementation of a national training program and engaged a consultant to advise on how best to implement the program.

Community broadcasting transmission support

Access to broadcasting services by community broadcasting audiences

Funding of \$1.5 million per year was provided through the 2004–05 additional estimates to assist community radio broadcasters with transmission costs. The first payment of \$1.5 million was provided to the Community Broadcasting Foundation in May 2005. The foundation held a funding round for transmission support grants, and made 189 grants so that a wider audience can be reached by community broadcasting.

ICT Centre of Excellence program

The Department administers the funding deed for the ICT Centre of Excellence, National ICT Australia, in collaboration with the Australian Research Council. The centre will receive a total of \$124.8 million from the two agencies from 2001–02 to 2005–06 under the first tranche of the Backing Australia's Ability measures.

National ICT Australia's mission is to undertake information and communications technology research at the highest international standard and scale. It will conduct research training through an enhanced PhD program, facilitate the commercialisation of research, and forge mutually beneficial linkages with private sector research organisations, major corporations, small and medium enterprises and public sector agencies.

Further funding of \$249.4 million will be provided for the centre's operation from 2006–07 to 2010–11 as part of the second tranche of Backing Australia's Ability.

Quantity and quality of research output

The centre's research program commenced with 11 programs in 2003, based on the contributions of staff from the University of NSW and the Australian National University. By June 2005, there were 16 programs and a portfolio of 52 research projects at laboratories in Sydney (2), Canberra and Melbourne.

During 2004–05, an agreement was negotiated with the University of Queensland, Griffith University and the Queensland University of Technology to establish a laboratory in Brisbane.

As at 31 December 2004, after two full years of operation, National ICT Australia had published 87 research papers in peer-

reviewed journals. A further 397 papers were presented at major international conferences related to the centre's main disciplines and published in related conference proceedings over the 2004 calendar year. During 2004, 98 international researchers visited National ICT Australia to collaborate on research.

Research training

At 30 December 2004, 132 students were endorsed under the National ICT Australia program, an increase of 95 over 2003.

Collaboration and commercialisation

National ICT Australia establishes links with business, major research organisations and universities in Australia and overseas.

It is establishing an outreach program to small and medium enterprises, has appointed two small and medium enterprise liaison officers, and has established collaborative research projects with the Defence Science and Technology Organisation (DSTO). In September 2004, it organised the second of the annual ICT research forums jointly with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), DSTO and the Council of ICT Cooperative Research Centres.

During 2004-05, collaborative research and development projects have

been undertaken with IBM and ST Microelectronics (Germany), as well as universities in New Zealand, Germany, the Netherlands, Israel, the United Kingdom, the United States and Portugal, and research institutes in Germany, Japan, France and India.

As part of the implementation of National ICT Australia's IP policy, a program of IP and commercialisation training and awareness continued to be delivered in the second half of 2004 and a pilot commercialisation immersion training course for research staff was conducted in October 2004.

In 2004-05, National ICT Australia continued to develop external revenue sources through cash and in-kind support from a number of commercial partners and direct payment for services provided.

Advanced Networks Program

The Advanced Networks Program was established in 2000–01 as part of the \$153.1 million Building on IT Strengths program, funded from the proceeds of the partial sale of Telstra. The program's objective is to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. It supports the development, trialling and demonstration of advanced networks, experimental networks and testbeds.

Initial funding for the program was \$39 million over three years to support three projects, the Centre for Networking Technologies for the Information Economy, GrangeNet and m.Net. Additional funding of \$20 million was provided for three years from 2004–05 under Backing Australia's Ability—Building our Future through Science and Innovation.

In 2004–05, the three projects used networks established in the first phase of the program to continue research and applications development, explore commercialisation opportunities, and support the Government's e-research agenda.

High use of facilities

The Advanced Networks Program networks have been used extensively in research and applications development. The Centre for Networking Technologies for the Information Economy's five focus groups are using network and applications research to develop and demonstrate new business systems covering e-health, digital media, enterprise systems, regional Australia and first-mile connectivity.

GrangeNet carried more than 620 terabytes of research and education traffic in 2004, more than twice the figure for the previous year, serving researchers in areas ranging from particle physics to sports coaching. Thirty-three application development companies are working under the m.Net umbrella to develop and commercialise rich-media mobile services.

Facilities have had positive impact on the work of researchers

In 2004–05 the three projects have facilitated a significant amount of new research activity, including a range of e-research. The Centre for Networking Technologies for the Information Economy is conducting technology projects in continuous media web services (including commercialisation of the Annodex™ standard), telepresence, network research and trusted systems.

GrangeNet has introduced new network service layers to meet research needs for point-to-point circuits (dedicated light paths) and multi-campus research projects. m.Net has expanded the range of its activities supporting the testing, trialling, demonstration and commercialisation of next-generation wireless broadband applications to include mobile content development and mobile services software programs, a mobile applications development course at universities, and a marketing program.

Leveraging of non-Commonwealth external funding

Over the initial three years of the program, the Government's investment of \$39 million was supplemented by more than \$75 million in cash and in-kind contributions by non-Commonwealth

consortium members of the three projects. In 2004–05 the non-Commonwealth consortium members contributed an additional \$7.5 million and another \$33 million in-kind contributions.

Contribution to national backbone network for research and education

The networks established by the Centre for Networking Technologies for the Information Economy 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 interconnect to form a national research backbone from Brisbane to Perth.

In 2004–05, this backbone continued as the principal national high-capacity research link, also enabling international connections. The Australian Research and Education Network, currently being established, will provide the next-generation national high-capacity network and it is expected that the Advanced Network Program's traffic and research activities will eventually move to the Australian Research and Education Network infrastructure.

ICT Incubators Program

ICT incubators provide business advice and finance to help start up ICT firms. The Department administers the ICT

Advanced Networks Program



The Advanced Networks Program high-capacity (10Gbps) network

Incubators Program, with \$34.13 million funding over four years, to support the better-performing incubators. They had previously been funded under the Building on IT Strengths incubator program.

In 2004–05, eight funding agreements were finalised following a competitive selection process which considered the incubators' past performance and future strategies, and whether they were likely to achieve financial self-reliance.

ICT start-up companies assisted

At the end of the reporting period incubators had considered 640 applications from which 32 information and communications technology start-ups were accepted. There were 34 graduates, including incubatees that were accepted under the former Building on IT Strengths incubator program. As shown in figure 2.37, since 2000–01, 4810 applications have been considered, and 377 ICT start-ups have been accepted as incubatees. There have been 221 graduates.

Stronger ICT commercialisation

The ICT incubators have reported raising \$43.8 million in private co-investment for incubatees. This brought total private co-investment to \$171.3 million since 2000–01.

In addition, incubators reported that in 2004–05 Building on IT Strengths and ICT Incubator Program incubatees gained \$14.1 million in government grants. This brought the program total to \$38.9 million since 2000–01.

Impact of funding

Funding for information and communications technology start-ups through the ICT Incubators Program addresses an identified market failure—one where venture capital and other finance providers have persistently displayed limited support for early-stage ICT companies.

Figure 2.37 Applications, acceptances and graduates from the ICT Incubators Program and the former Building on IT Strengths program

	Up to 2000–01 BITS	2001–02 BITS	2002–03 BITS	2003–04 BITS	2004–05* ICTIP	Total*
Applications	1477	1110	927	656	640	4810*
Acceptances	64	98	102	81	32	377*
Graduates	4	31	88	64	34	221*

*Numbers above revised from previous years due to definition changes by incubators

Early-stage ICT start-ups also find it difficult to obtain advice in their critical early years on developing networks for locating leading-edge customers, business partners and capital providers.

Program incubators across Australia have a catalytic role in Australia's innovation system. They provide advice and bring high potential ICT companies to the attention of capital providers. This helps commercialise new technology applications and products into viable businesses that generate sales revenue, employment and exports for Australia.

Intelligent Island

During the year, the Department and the Tasmanian Department of Economic Development continued jointly to oversee the implementation of the memorandum of understanding that governs the \$40 million Intelligent Island initiative.

The current memorandum was signed on 7 April 2004 and extended the program to 30 June 2008.

The initial impact of Intelligent Island funding has been in the incubation of ICT start-ups, skills development, industry consolidation and marketing. In the year to 30 June 2005:

- In-tellinc was awarded a further \$4.57 million from the ICT Incubators program;

- the eLearning and Marine ICT clusters were further developed with a successful marketing mission to Europe; and
- Dytech Solutions won a major e-learning contract with Education Queensland for the 'Learning Edge' system and joined UXC Limited, a national group of Australian technology companies with a market capitalisation of over \$120 million and 1400 employees.

Progress in e-health and the Centre of Excellence project were slowed by the decision by the University of Tasmania not to proceed with the Tasinformatics proposal and joint venture with the Tasmanian Department of Health and Human Services.

The Department and the Tasmanian Department of Economic Development are exploring viable alternatives for this project, in consultation with stakeholders in industry, government and research.

Commonwealth Technology Port

The Department continued to monitor the development of the Commonwealth Technology Port (Comtechport) premises at the 4.4 hectare Technology Park Precinct of the Melbourne Docklands. Comtechport is a business precinct being developed with Australian Government funding of \$22.5 million and will house

high technology companies, a business incubator and education and research institutions.

During the year tenants moved into the first phase of Comtechport, the Innovations Building, with Telstra's R& D Centre occupying three of the five levels. Other tenants include Kodak Australia, the Australian Film, Television and Radio School, BSI Services (a technology incubator company) and Trackburn (a pharmacy). Approvals were obtained for the second phase of the project, the 15 000 square metre Podium Building, to commence in July 2005.

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 and medium enterprises, across a broad range of industry sectors and geographic regions.

Funding agreements for nine new projects involving 51 organisations were finalised in 2004–05. Information Technology Online projects are selected to demonstrate the practical application of ICT innovation

across the economy. A number of innovative projects supported also have the potential to make a significant strategic contribution to Australian industry.

Two projects funded in round 12 illustrate this potential.

- An e-business manufacturing management system (Viewpoint) integrates business processes within a cluster of companies through a shared online database. This solution aims to increase competitiveness in the Australian electronics industry by providing a more efficient collaboration process in respect of supply chain data.
- Another project is developing a secure, reliable, accessible locum booking service and administrative system for rural doctors. It uses an interactive website and an open-source information system which will streamline the process of locum service recruitment, initial orientation, placement (locum booking system) and day-to-day operation of the general practitioner locum services.

Projects completed successfully

A total of 19 projects from rounds 8, 9, 10 and 11 were successfully completed in 2004–05. Case studies of successful projects are available on the Department's website at www.dcita.gov.au/itol

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

A total of 101 applications were received in two funding rounds held in 2004–05. In round 12, four projects were funded to the value of \$683 000 from the health and electronics sectors, with two projects based in regional areas. In round 13, five projects were funded to the value of \$820 000 from the viticulture, agriculture, arts, manufacturing and community sectors.

Positive feedback on the program

Feedback from funding recipients has been positive. Staff are seen as helpful and courteous, and recipients found their feedback to have been valuable and timely. The program's application process, reporting requirements and administration were rated positively for clarity, simplicity and modest cost compared to other government funding programs.

In addition, strong interest in the program is shown by the large number of applications received, the increase in the number of *ITOL News* subscribers and the number of hits on the program's web pages.

NetAlert Limited

Timely payments in accordance with NetAlert's funding agreement

NetAlert was established by the Government in 1999 as part of the online content co-regulatory scheme to provide Internet safety advice and undertake community education campaigns on Internet safety issues. In 2004–05 NetAlert received funding of \$1.466 million through a funding agreement administered by the Department. This includes \$250 000 paid by the Australian Government Information Management Office. NetAlert produces its own annual report.

NetAlert works with the Australian Broadcasting Authority (from 1 July 2005, part of the Australian Communications and Media Authority), the Internet industry, and law enforcement and community organisations to promote Internet safety.

In September 2004, the Government announced that NetAlert would receive \$2 million (of which \$670 000 was paid in 2004–05) to run a two-year training roadshow and information campaign aimed at educating parents, teachers and community groups about the risks children face online.

NetAlert has also been planning the NetAlert expo, which will tour schools, libraries and community centres in all states and territories.

Case study

NetAlert—helping keep online activities safe for all

In 1999, NetAlert was established as an independent body administered by the Department to give sensible, helpful and reliable advice to the community about Internet safety.

NetAlert undertakes community education, advice and research activities. In addition, the Internet industry must consult NetAlert when developing industry codes and standards, before these can be registered by the Australian Communications and Media Authority.

NetAlert has a family-friendly website, a toll-free national helpline and an email advice service for parents, teachers and community groups.

It gives out brochures and fact sheets on topics like 'Keeping children safe on the Internet', 'Who is looking out for your child online', and 'A parent's guide to Internet safety', to schools and community groups.

The NetAlert CyberSafe Schools project has useful resources for teachers and students which it distributes to all Australia's primary and secondary schools. There is a quick reference guide and an information booklet, *A teacher's guide to Internet safety*. Teachers use NetAlert CyberSafe Schools to manage potential online risks, and students use it to develop Internet safety skills that they can use at home and at school.

NetAlert has designed online activities for very young children aged from two to seven years. The Netty's World website has *Netty's Net Adventure*, an online story where the character Netty guides children through Internet safety

issues. The website has fun interactive games and a club for children to join and discover more about Internet safety.

NetAlert has active partnerships with other organisations. For example, under the Government's National Child Protection Initiative election commitment, the National CyberSafe Program and the Australian Federal Police are working together on online safety education and prevention programs.

NetAlert is to receive a further \$2 million to run the National CyberSafe Program, a two-year training roadshow and information campaign to educate parents, teachers and community groups about online safety. The roadshow was being planned in 2004–05, and will start touring Australia next year.



Outputs

Output 3.1

Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services

High-quality program funding and grant administration

Broadly speaking, four types of programs are administered by the Department under output 3.1: contracts, multiple funding recipient programs, single funding recipient programs and hybrid/subsidy programs. More information on these programs is provided under ‘Administered items’ on page 94. The programs address regional communications, research and access by people with disabilities, and consumer representation.

Regional programs

Higher Bandwidth Incentive Scheme

The Higher Bandwidth Incentive Scheme (HiBIS) expended the full funding allocation of \$52.3 million for the 2004–05 financial year. In this period, the Department received 70 applications from Internet service providers wishing to become registered HiBIS providers.

Of these applications, at 30 June 2005, thirty-three retail and two ‘wholesale only’

providers were registered, eight were approved but not yet formally registered, twenty were still being processed, two were unsuccessful, two were being held for further consideration, and three applications were withdrawn.

In 2004–05 members of the public showed considerable interest in the scheme, as shown by enquiries to the 1800 hotline (more than 3700 phone calls) and via email (approximately 2000 emails).

Telecommunications Action Plan for Remote Indigenous Communities

Under the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC), \$1.35 million of the \$1.5 million allocation for 2004–05 was spent on an online content development program, an Internet access program, information and awareness raising and the community phones program.

The under-budget amount of \$146 000 relates to circumstances surrounding the community phones program. Telstra was engaged to provide services under this program and requested a variation to the

contract as it was unable to complete the installation of community phones before 30 June 2005 because of the long lead times for civil works clearances and unseasonable wet weather. Telstra offered a 10 per cent discount to support its variation, which will fund the installation of a further 40 community phones. To maximise this opportunity, it was agreed to extend the activity period under the program to 30 June 2006.

In keeping with a decision announced in 2004 by the Australian Government, \$3 million of unspent TAPRIC funds were rephased from 2004–05 to 2005–06 to continue initiatives under the TAPRIC program. These funds will be used principally to continue to support

the costs of providing essential voice telephone services and Internet services for remote Indigenous communities.

The Department received four applications under the TAPRIC Internet Access Program. The successful applicant was contracted to deliver and install hardware systems in 41 remote Indigenous communities.

Forty-two applications for funding were received under the Indigenous Communities Online Program and 13 projects were funded.

The community phones program trial commenced in the 2004–05 financial year. Regional agents were invited to apply for the implementation of the trial and two

Higher Bandwidth incentive Scheme map



HiBIS broadband service availability from terrestrial infrastructure as at 30 June 2005 (satellite broadband coverage is ubiquitous)

applications were received. PY Media was the successful applicant to deliver the service in Western Australia and the Northern Territory.

The Department also called for applications for the delivery of services under the community phones demonstration program. There were seven applications and one was approved. The remaining six applicants were invited to submit revised applications and three did so.

A summary of applications processed and projects funded under these programs is set out in figure 2.38.

Coordinated Communications Infrastructure/Demand Aggregation Brokers

In 2004–05, forty applications were received in response to the second funding round of the Coordinated Communications Infrastructure Fund. Six projects were selected for funding and

funding agreements are being negotiated for these projects.

The Demand Aggregation Brokers program has three core elements:

- community-based broadband demand aggregation brokers;
- state and territory based broadband demand aggregation brokers; and
- national broadband advisers.

Under the community broker component of the program, 22 applications were received for the second round of funding and 11 projects were selected for funding.

The program also supports a state-based broker in all states and territories except the Australian Capital Territory and Tasmania.

Figure 2.39 shows a comparison of applications processed and funded and grants administered for 2003–04 and 2004–05 for these programs. Figure 2.40 indicates milestones met.

Figure 2.38 HiBIS/TAPRIC projects and grants 2004–05

	Applications processed	Funded projects
Higher Bandwidth Incentive Scheme	70 (ISP applications)	35
Internet Access Program	4	1
Indigenous Communities Online Program	42	13
Community phones program trial	2	1
Community phones demonstration program	7	1

National Communications Fund

The bulk of implementation activity under the National Communications Fund, which supports significant telecommunications projects in regional Australia, occurred in 2004–05. All projects were at an early stage of implementation at the beginning of the year. By June 2005, six of the eight projects were fully implemented and two will be finalised in 2005–06. The final acquittals for all projects will be completed in 2005–06.

Under the Satellite Phone Subsidy Scheme, the Department must assess

whether applicants meet the relevant eligibility criteria and, if so, calculate the appropriate subsidy and process payments to registered handset providers.

During the year, 3399 applications were approved compared with 1788 in 2003–04. Expenditure of \$2.91 million for 2004–04 was also more than double that of the previous year (\$1.27 million). Despite this very significant increase in the number of applications and payments made under this scheme during the year, program administration was efficient and relevant timeframes were met.

Figure 2.39 Applications processed, funded projects and grants administered for the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program

	2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Coordinated Communications Infrastructure Fund	153	7	1	40	6	6
Demand Aggregation Brokers program (community brokers)	50	13	0	22	11	17

Figure 2.40 Milestones met for the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program

	2003–04		2004–05	
	Milestones met		Milestones met	
	%	No.	%	No.
Coordinated Communications Infrastructure Fund	100	1	83	15
Demand Aggregation Brokers program	100	1	94	45

The Department administers four contracts with Telstra which fund the enhancement or upgrading of mobile phone infrastructure in regional Australia.

In 2004–05, the Department met Telstra each month to assess progress and deal with any issues. Payments were made as contractual milestones were achieved.

Final payments were made under two of the contracts. For a third contract, development approval is still being sought for a number of sites and a further payment may be made in 2005–06. For the remaining contract, program rollout is not scheduled to be completed until November 2006.

The Launceston broadband project is a joint funding initiative between Telstra and the Australian Government. The project provides subsidies for broadband access and the B-eLab broadband testbed facility in Launceston. A variation to the funding deed was made in July 2004 to extend the life of the project by two years to 30 June 2006. Telstra provided one acquittal in 2004–05 for an amount of \$907 000, which has been paid.

The Business Development Fund stimulates new high-tech business opportunities with links to the Launceston region, especially broadband applications. The fund is administered by the Tasmanian Electronic Commerce Centre on behalf of the Government.

The Business Development Fund funding deed was varied during 2004–05 to improve reporting processes and to allow for the final funding round to be concluded in June 2005. One payment of \$716 000 was paid to the Tasmanian Electronic Commerce Centre during 2004–05 on the receipt of an appropriate report. The final program payment for the June 2005 funding round will be made in 2005–06 once reports are received.

Networking the Nation

The Networking the Nation program concluded on 30 June 2004. Over the seven years of operation, the program funded projects that addressed a range of telecommunications needs in regional, rural and remote Australia.

At 30 June 2005, 695 projects, or 91 per cent of the 762 projects funded under Networking the Nation, had been acquitted. A comprehensive evaluation of the program was undertaken to examine its effectiveness, the 'physical' outputs, its administrative efficiency and key lessons learnt from the program. The evaluation was not finalised until after the reporting period.

Networking the Nation helped establish a base for further development by commercial operators and more targeted Government programs. More recent programs, such as the National Communications Fund, the Coordinated Communications Infrastructure Fund and

the Higher Bandwidth Incentive Scheme, have built on that legacy.

In the six years to 2004, the proportion of the non-metropolitan population with access to a terrestrial mobile phone service increased from 83.5 per cent to 94.5 per cent, while the proportion of households using a mobile phone increased from 37 per cent in 1998 to at least 70 per cent in 2003. Networking the Nation funded 267 mobile phone installations.

Internet use by non-metropolitan households increased in the five years to 2003 from 11 per cent to 47 per cent, while over half of all adults and more than two-thirds of all businesses in non-metropolitan areas were using the Internet by mid-2003.

By June 2003, more than 2.2 million people had used Networking the Nation funded Internet facilities and around 950 000 people had received training through a Networking the Nation funded facility.

Internet Assistance Program

2003–04 was the final year of funding for the Internet Assistance Program, which is now continued by Telstra under a carrier licence condition.

Payment for the achievement of the final milestone was held over to 2004–05 when the final program acquittal was made available and a final payment of \$309 000 (GST inclusive) was made to Telstra.

Research and access by people with disabilities

The Department administers the National Relay Service contract in consultation with the Australian Communications Authority (from 1 July 2005 part of the Australian Communications and Media Authority). The Australian Communication Exchange provided the service during 2004–05 and will continue to do so until 30 June 2006.

In December 2004, the Department released for comment a draft statement of requirements for the provision of the services from 1 July 2006. Comments on the draft have been taken into consideration in the development of a request for tender, which will be released early in 2005–06.

Consumer representation and research grants

As shown in figure 2.41, nineteen applications were received for consumer representation grants in 2004–05. Twelve applicants were allocated funding. Thirteen applications were received for telecommunications research grants, and three of those were allocated funding.

Consumer representation grant recipients had to meet certain milestones, such as attending meetings of the Australian Communications Industry Forum committees, participating in other relevant forums and publishing journals. The milestones were considered to be met only on receipt of a satisfactory progress report.

Consumer grants acquitted in 2004–05 related to grants allocated in 2003–04. For telecommunications research grants, one of the two grants made in 2003–04 was acquitted in 2004–05. Figure 2.42 details the number and percentage of milestones met and grants acquitted for each program.

Australia Post mail screening

The Australia Post mail screening grant was a single funding recipient program. Australia Post was provided with \$49.4 million over four years; 2004–05 was the final year of the program.

High-quality and timely policy advice and ministerial services

Key communications issues raised in ministerial correspondence during the

reporting period included the availability of broadband services, services in rural and regional Australia, and a range of consumer issues such as unexpected high bills, customer service from call centres, and service quality.

Other common issues were Telstra shareholder issues, management and employment issues, and the full privatisation of Telstra.

The Department provided a significant number of briefings to the Minister on a range of policy issues and market developments.

Advice was provided to the Minister on the sale of the remaining Government shareholding in Telstra, Telstra and Australia Post governance issues, and issues relating to domestic postal policy and market developments.

Figure 2.41 Section 593 consumer and research grants

	2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Consumer grants	19	24	24	19	28	28
Research grants	0	2	2	13	0	1

Figure 2.42 2004–05 Milestones met and grants acquitted

	Milestones met		Grants acquitted	
	%	Number	%	Number
Consumer grants	95	110	100	15
Research grants	100	5	100	1

Briefings were also provided on a range of regulatory, consumer and regional issues such as the adequacy of the telecommunications competition regime, unexpected high bills in telecommunications, consumer safeguards, future-proofing of services in rural and regional Australia, improving the availability of broadband across a range of technologies and environments, carriers' powers and immunities to install telecommunications infrastructure, privacy issues related to telecommunications customer data, and the protection of submarine telecommunications cables—including a proposed regulatory regime.

The Department also provided significant direct support to the Minister on issues related to telecommunications and postal services. This is the second year that performance information on response times has been collected, and trends noted in figure 2.43 indicate significant improvements in the timeliness of responses to ministerial correspondence.

In terms of international telecommunications, the Department provided advice to the Minister on ratifying changes to the treaty relating to the International Telecommunication Union to improve the efficiency and relevance of the union's work. These had been agreed to by the Plenipotentiary Conference held in Morocco in 2002.

The Department also provided the Minister with detailed advice on the World Summit on the Information Society and Internet Governance, and on trade issues. Negotiations at the World Trade Organisation and bilateral negotiations with the United States, Thailand, China, Malaysia, the United Arab Emirates, Association of South-East Asian Nations, and New Zealand, were aimed at achieving more liberal trade commitments while maintaining the tools for Australia to promote its national identity.

The Department also provided briefings to the Minister on policy issues relating to the

Figure 2.43 Advice provided within agreed timeframes

Type of advice	Telecommunications				
	2003/2004		2004/2005		03/04–04/05
	Number	% on time	Number	% on time	Diff - % On Time
Ministerial correspondence	1796	39%	1257	55%	+16%
Briefings					
- Minutes initiated by the Department	296	n/a	295	n/a	n/a
- Meeting briefs	79	63%	51	64%	+1%
Question Time briefs	313	74%	222	64%	-10%
Parliamentary questions on notice	82	22%	18	24%	+2%

Asia–Pacific Economic Cooperation forum (APEC) and the Australia–United States Free Trade Agreement. Australia has also taken a leading role in the active and successful APEC Telecommunications and Information Working Group, chairing several groups and initiating a number of programs.

During the year, the Department represented Australia at two meetings of the Organisation for Economic Co-operation and Development (OECD) Working Party on Telecommunications and Information Services Policies. The sharing of information and discussion of papers at these meetings was very useful, providing input into advice to the Minister on a range of telecommunications competition issues.

Effective client service and consultation

The Department consulted with stakeholders on a range of telecommunications policy and program issues in 2004–05. It responded to queries from individual members of the public on the availability of telecommunications services and existing telecommunications regulation and programs.

The Department also consulted with industry stakeholders on telecommunications competition regulation through the release of an issues paper in April 2005, which called for submissions from interested parties by May 2005.

The results of the Department's client satisfaction survey reported that overall

satisfaction with the Department from the telecommunications sector was high, with 98 per cent of 87 respondents surveyed rating service as satisfactory or better.

Trends indicate a significant improvement compared with results from 2003–04, where 91 per cent of 54 respondents rated service as satisfactory or better. In addition, ratings of good or excellent from the telecommunications sector improved from 68 per cent in 2003–04 to 76 per cent in 2004–05.

Eighty-five per cent of telecommunications sector clients expressed satisfaction that the Department was contributing appropriately to the objective of competitively priced and reasonably accessible telecommunications services. This result is slightly higher than last year's result of 82 per cent.

In terms of client satisfaction with the Department's consultation processes, the results are similar to those for the previous year. The proportion of the Department's clients giving an overall satisfactory rating is unchanged at 91 per cent, with 56 per cent rating the processes as good or excellent, and nine per cent giving a poor rating.

Compliance with accountability standards

The telecommunications consumer representation and research grants are evaluated to ensure that they comply with Australian National Audit Office requirements. Project final reports are examined annually and analysed against the requirements of their funding deeds.

This involves consulting stakeholders as appropriate.

The Australian Customs Service and the Australian Quarantine and Inspection Service were primarily responsible for assessing Australia Post's level of compliance with the screening standard for the foot-and-mouth grant deed. Australia Post gave quarterly reports to the Department which were confirmed by the Australian Customs Service and Australian Quarantine and Inspection Service.

The reports were a qualitative evaluation and indicated whether performance milestones were being met. The process included consideration of the annual funding agreement. The Australian National Audit Office audited the receipts and expenditure statement of the grant deed in September 2004 and found it to be satisfactory.

There was also a departmental audit of the Higher Bandwidth Incentive Scheme administrative processes in 2004–05, part of ensuring best practice. KPMG was engaged to undertake this audit and made 10 recommendations, seven of which have been implemented or partially implemented as at 30 June 2005.

The Department continues to implement the recommendations.

Research and analysis activities contribute to policy development

The Department's Communications Research Unit has access to information

from survey research companies, academic journals and industry briefings and visits.

This information is analysed and modelled to produce quantitative and qualitative outputs, which are then used to inform policy.

Six longer-term projects involving telecommunications were completed in 2004–05:

- an evaluation of the effectiveness of the Government's Networking the Nation program;
- international comparisons of telecommunication regulations;
- a research paper identifying the data sources needed to measure the social and economic impacts of mobile phones;
- advice and modelling concerning the Australian Competition and Consumer Commission's recommendations for Telstra's retail price controls;
- a research paper on next-generation networks; and
- a study of hearing impaired teletypewriter users in Australia.

In addition to work done by the Communications Research Unit, research and analysis was also commissioned by relevant policy and program areas within the Department.

Consultants from Eureka Strategic Research were appointed to undertake quantitative and qualitative research on the use of teletypewriters in

Australia. The research was to establish statistically valid data on the size of the Australian teletypewriter user population, its geographic and demographic characteristics, and its use of and attitudes towards teletypewriters and alternative communications technologies.

Throughout 2004–05, significant research and analysis was undertaken in the context of the Higher Bandwidth Incentive Scheme (HiBIS). The Department engaged RMIT Test Lab, WalterTurnbull and MapInfo for these activities.

RMIT Test Lab analysed in detail the technical aspects of applications from Internet service providers seeking to register under the scheme. RMIT Test Lab also:

- established and hosted a data speed testing facility;
- advised and assisted in the implementation of a data speed testing regime to ensure the scheme's providers met minimum requirements under the scheme and to allow customers to test their service speeds; and
- undertook and reported on data speed testing of HiBIS providers.

These activities helped ensure compliance with the scheme's overall objectives.

WalterTurnbull provided expert advice on the financial viability of applicants seeking to register under HiBIS. This helped the Department to ensure that the HiBIS-registered providers have the financial

resources to continue providing services for the program's four-year term.

A database was developed with consultant MapInfo to allow claims to be submitted, processed and reported online. Following further developments, the system now also provides statistical information that can be analysed to track scheme expenditure and progress.

The reporting system was developed as an extension of the Regional Communications Policy Branch's geographic information system, the Spatial Data Network which has provided a valuable tool in the analysis and presentation of data relating to telecommunications and other initiatives in regional, rural and remote areas.

The network collects spatial and other data from departmental line areas, telecommunications carriers, service providers and state and territory governments, as well as acquiring base geographic data commercially.

The Spatial Data Network has supported the Higher Bandwidth Incentive Scheme, providing online maps so that people can see whether they are eligible under the scheme, and find HiBIS-approved broadband service providers in their area.

The network was also used to determine priority areas for funding support under the Telecommunications Action Plan for Remote Indigenous Communities programs for Internet access and community phones.

As part of a commitment by the Australian Government, the Australian Telework Advisory Committee was established to investigate telework and home-based business, and to advise on options and impediments to the development of telework for employees and businesses.

The committee met for the first time on 31 March 2005 and published three discussion papers as the basis of a consultation process. The committee secretariat interviewed 57 stakeholders and held public forums in metropolitan, regional and rural areas. It received 29 public submissions. A report to government is anticipated during 2005–06. Sensis was engaged to survey small and medium enterprises and consumer use of telework arrangements, and will report its findings in 2005–06.

Timely advice

This is the second year in which the Department has collected performance information on response times for the provision of advice.

As shown in figure 2.43 on page 151, the trend has been to improvements in the timely provision of ministerial briefings and answers to parliamentary questions on notice. There was, however, a decline in the timeliness of providing Question Time briefings.

This could be due to late requests, complexities involved in developing responses, and the need to consult with portfolio agencies and

government business enterprises. The Communications executive will monitor developments to ensure improvement where possible.

Details of the subject matter covered in advice provided to the Minister are discussed in the ‘High-quality and timely policy advice and ministerial services’ section of this chapter on page 150.

Targets for processing times met

The Department complied with the timeframes in its telecommunications grant deeds when making payments. Once progress reports were approved and satisfactory progress against all requirements of the funding agreement had been demonstrated, including a satisfactory financial acquittal, all associated payments were made.

The Department continued to meet the target of seven days for paying the National Relay Service provider the National Relay Service levy once levy funds were received from the Australian Communications Authority. This benchmark, established in 2003, has contributed to a more efficient and streamlined process for the payment of the quarterly service levy.

In relation to the Australia Post foot-and-mouth grant deed, the Department made payments to Australia Post in accordance with the approvals process outlined in

the funding deed. Once quarterly reports were approved, and satisfactory progress against all requirements of the funding agreement had been demonstrated, all associated payments were made.

Highly effective budget management

As identified in the resources for outcome table on page 94, the overall price of output 3.1 was \$1.05 million above budget. Variations across outputs within Outcome 3 are mainly due to overhead allocation fluctuations as a result of final average staffing levels.

Some output 3.1 administered funding programs were underspent in 2004–05 because funding recipients did not trigger milestone payments. In most cases, this was due to external factors beyond the control both of the Department and the funding recipient. Efforts will be made to rectify this slippage in the coming financial year.

Managers conduct a regular evaluation of budget outcomes and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group each month. The commentary also includes forecasting of budget trends where possible.

Evaluations

Evaluation of the Telecommunications Action Plan for Remote Indigenous Communities program

In accordance with the Department of Finance and Administration Estimates Memorandum 2004/18, the Telecommunications Action Plan for Remote Indigenous Communities program was comprehensively reviewed.

The Department of Finance generic terms of reference required the review to consider and report on the aspects of the program relating to appropriateness, effectiveness, efficiency, and future evaluation strategy.

The key findings of the review are set out below.

- The geographic isolation and economic disadvantages faced by remote Indigenous communities mean that a comprehensive and proactive range of interventions have been needed to achieve even basic telecommunications services. The high cost and logistical difficulties of supply combine with a lack of awareness of service choices and availability, a lack of appropriate skills and a lack of relevant cultural content for users of online services. These issues that will require ongoing intervention and collaborative, innovative solutions.

- A collaborative and cooperative approach between the Government, Telstra (as the primary universal service provider) and regional Indigenous organisations, to explore a range of appropriate service delivery alternatives, is essential. The appropriateness of the Telecommunications Action Plan for Remote Indigenous Communities is influenced by the ability to involve Indigenous communities and consult with a wide range of stakeholders, and a willingness by Government and industry to support flexible and tailored solutions. Incentives will continue to be required as a catalyst for encouraging industry development.
- The highest priority of remote Indigenous communities remains a need for better telephone services. The role of more advanced telecommunications services to support Internet access and videoconferencing are also crucial in enabling these communities to enhance economic development and develop self-sufficiency.
- In addition to the five program areas, a range of complementary activities have been undertaken, including a communication strategy and a Telstra/Australian Communications Authority/DCITA steering committee on Indigenous communications issues. These additional activities have supported the overall implementation of the action plan and have facilitated the program's

achievements and the program's present momentum. The additional activities contribute to the Government's ongoing commitments arising from the Regional Telecommunications Inquiry.

- Improved provision of services to remote communities is both time and resource intensive when compared to the provision of similar services to the wider community. In recognition of the contribution of such services to the improved economic, social and cultural outcomes in communities otherwise prone to isolation from government and commercial services and information, the essential gains made under the Telecommunications Action Plan for Remote Indigenous Communities should be sustained and expanded.

The review found that the Telecommunications Action Plan for Remote Indigenous Communities has been appropriate, effective and efficient in addressing the telecommunications needs of remote Indigenous communities. The Government is providing total funding of \$8.3 million to provide an integrated response to the range of telecommunication needs of remote Indigenous communities.

The review supported a rollover of \$3 million from 2004–05 to 2005–06 for the community phone program, which was approved by the Department of Finance and Administration.

Case study

Gap Youth Centre Aboriginal Corporation

The Government's Telecommunications Action Plan for Remote Indigenous Communities includes a component called the Indigenous Communities Online program.

The program funds the development of online information and services for remote Indigenous communities, encouraging communities to develop and use their own content, thus contributing to their cultural, social and economic growth.

One recipient of funding under this program is the Gap Youth Centre Aboriginal Corporation in Alice Springs, which hosts the Deadly Mob website, www.deadlymob.org, as one of a number of partnership activities that provide a wide range of services to the young people of Alice Springs and surrounding communities.

The Gap Youth Centre treats the website as a national online learning facility. With Indigenous Communities Online program funding, the youth centre developed an easy-to-use website

maker, 'dEadly Zone', that allows Deadly Mob's web users all over Australia to take control of building and maintaining their own pages without the need for extensive web development skills.

Communities will be able to choose from a range of templates and incorporate such services as blogs (weblogs), photo albums and chat, music and listening rooms. The 'My Page' feature provides the user with a quick means for checking for new email and blog entries and the number of website hits, as well as a place to store a résumé or portfolio of work.

Throughout the development of the project, the Gap Youth Centre consulted with Indigenous communities, especially young people, seeking participation and feedback that would ensure ease of use, cultural appropriateness and acceptance by Indigenous users. The project provided training to 10 remote Indigenous communities in Central Australia.



Output 3.2

Policy advice and program management which promote accessible high-quality broadcasting services

High-quality program funding and grant administration

Television Black Spots program and Television Black Spots—Alternative Technical Solutions program

As figure 2.44 indicates, significantly fewer applications were processed, projects funded and grants administered under the Television Black Spots program this year because the program was being progressively wound down in accordance with its scheduled closure on 30 June 2005.

The Television Black Spots—Alternative Technical Solutions program administered six grants during the year.

As figure 2.45 indicates, all of the milestones required in 2004–05 for the Television Black Spots program projects that involved the replacement of obsolete equipment were met. Nine of the 39 milestones required for new Television Black Spots program and the Alternative Technical Solutions projects were not achieved on time, although grant recipients subsequently complied with requirements in the reporting period.

During the year the Department worked actively with the coordinating bodies to encourage them to meet milestones and acquit projects, but delays were sometimes difficult to avoid, particularly where the projects are located in isolated regions or because of technical factors.

Figure 2.44 Television Black Spots/Alternative Technical Solutions grants 2003–04

	2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
TVBSP new services	46	46	187	4	10	100
TVBSP replacement of obsolete equipment	0	0	56	0	0	1
Alternative Technical Solutions	2	2	2	4	4	6

Commercial Radio Black Spots program

Although the program was due to end on 30 June 2005, funding has been extended into 2005–06 to allow outstanding eligible projects to be completed. As shown in figure 2.46, no new invitations to submit projects were considered in 2004–05, although 19 projects from previous submissions, addressing 25 communities, were approved during the year.

Figure 2.47 shows that, in 2004–05, 26 per cent of milestones were not met, although the majority of grant recipients subsequently complied with requirements

in the reporting period. The Department continues to work actively with recipients to encourage them to meet milestones and acquit projects on time, but there can be delays, particularly where the projects are in more remote areas. Administrative reorganisations associated with the takeover by the Macquarie Bank Group of projects previously approved for RG Capital and DMG Regional Radio also led to delays in meeting milestones.

Projects originally approved in 2002–03 (three), 2003–04 (four) and in 2004–05 (one) were cancelled or terminated in 2004–05, a total of eight.

Figure 2.45 Television Black Spots—Alternative Technical Solutions milestones met and grants acquitted

	2003–04				2004–05			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Television Black Spots Program	100	96	92	77	81	29	39	22
Television Black Spots replacement of obsolete equipment	77	21	95	53	100	1	0	0
Alternative Technical Solutions	100	1	n/a	n/a	33	1	100	2

Figure 2.46 Commercial Radio Black Spots program grants administered

	2002–03			2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Commercial Radio Black Spots program	185	38	38	275	70	108	0	19	102

ABC and SBS digital interference scheme

In 2003–04, the Department transferred funds from the scheme to the ABC and SBS following receipt of five invoices validating the costs the national broadcasters had incurred in relation to the interference management strategy. The average period for processing these invoices and payments in 2004–05 was 12 days, an improvement on the 17-day average in 2003–04. All invoices or payment requests received by the Department in 2004–05 were approved by 30 June 2005.

National Transmission Network residual funding pool

Five grants were provided for community and remote commercial broadcasters and Radio for the Print Handicapped.

No application is required as the grants reflect arrangements agreed at the time of the sale of the National Transmission Network.

As shown in figure 2.48, in 2004–05 11 of the 14 milestones were met by the target date. Those that were late were met on average within 16 days of their due date, an improvement on 2003–04 when only two milestones were met by the target date and the remainder on average within 26 days of their due date. The slippage was primarily due to delays in the provision by funding recipients of partially completed activity reports which needed to be followed up by the Department. All outstanding grant acquittals were provided.

Figure 2.47 Commercial Radio Black Spots program milestones met and grants acquitted

	2003–04				2004–05			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Commercial Radio Black Spots program	90	29	90	28	74	28	96	23

Figure 2.48 National Transmission Network residual funding pool milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2004–05	79	11	100	5
2003–04	17	2	100	5
2002–03	33	3	100	8

Community broadcasting

Community broadcasting is not an application-based program. Funding to the community broadcasting sector is provided through the Community Broadcasting Foundation, an independent, non-profit company. In 2004–05, \$7.489 million (including \$150 000 paid in 2003–04) was paid to the foundation for allocation and distribution. As shown in figure 2.49, two grants for research projects funded in previous years continued to be administered in 2004–05.

In 2004–05, all milestones were met within the required timeframe, a significant improvement over previous years (see figure 2.50).

Figure 2.49 Community broadcasting grants

Year	Funded projects	Grants administered
2004–05	1	3
2003–04	2	2
2002–03	2	2

Figure 2.50 Community broadcasting milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2004–05	100	5	100	2
2003–04	70	7	100	1
2002–03	0	0	100	1



Members of the Community Broadcasting team: l to r Jan Burns, Julia Roberts, Jen Levy, Gail Bennet

Community broadcasting training fund

The Community Broadcasting Foundation received \$500 000 in May 2005 towards establishing a training fund. The foundation's board has established a new cross-sector training advisory group responsible for providing a formal implementation plan to determine the most efficient and effective way to distribute the funds. A consultant was engaged to assist in the formulation of this plan. The foundation expects to move into the operational phase early in the 2005–06 financial year.

Community broadcasting transmission support

The Community Broadcasting Foundation received \$1.5 million in May 2005 to assist the sector with transmission, infrastructure and operational costs. To date, the foundation has held one round of funding. One hundred and ninety-eight community services located in urban, regional and remote centres across Australia received 189 grants.

Indigenous broadcasting

The Department administered 187 projects in 2004–05. These comprised

111 projects funded and 76 projects from previous years acquitted. As well, the Department processed 133 applications for funding in 2005–06 (figure 2.51).

Regional Equalisation Plan

The Department paid cash grants under the Regional Equalisation Plan totalling \$660 000 in 2004–05, in line with the determined schedule. These comprised grants of \$300 000 to commercial television broadcasters in the Broken Hill and Riverland markets, and a payment of \$360 000 to Imparja Television, which broadcasts in remote, central and eastern Australia, to assist with significant equipment replacement costs in advance of its digital conversion.

NetAlert Limited

Total funding provided to NetAlert in 2004–05 was \$1.466 million, which included \$250 000 paid by the Australian Government Information Management Office. The funding consisted of \$750 000 'core' funding and \$46 000 for the budget estimates framework review, which enables NetAlert to meet its budget reporting obligations. A further \$670 000 was made available under the National CyberSafe Program, a component of the Government's National Child Protection Initiative.

Figure 2.51 Indigenous broadcasting grants

	Applications processed	Funded projects	Grants administered
Indigenous broadcasting	133	111	187

The funding agreement between the Australian Government and NetAlert requires that annual funding allocated to NetAlert cannot be provided until the Department approves NetAlert's work plan.

High-quality and timely policy advice and ministerial services

The Department provided a wide range of direct support services to the Minister during the year. As shown in figure 2.52, the Department's performance in meeting agreed timeframes for this support generally improved over the previous year for this output area. The majority of correspondence received by the Minister on broadcasting issues related to the national broadcasters' programming decisions, coverage of news and current affairs, funding, and matters regarding the programming of commercial television broadcasters, including captioning and sports coverage.

In addition to the policy issues discussed under the performance indicator for Outcome 3, the Department's policy advice included a range of policy, program and operational matters. These included completing a major program of reviews.

During the 2004 election campaign, the Government committed to reforming Australia's media ownership laws while protecting the public interest in a diverse and vibrant media sector. The Department undertook a number of statutory reviews into the digital television regulatory framework during the year. They involved the consideration of some of the key regulatory structures which shape Australia's television sector.

A key challenge is to develop reforms that will provide more flexible and dynamic regulation of media and its ownership while ensuring the preservation of diversity

Figure 2.52 Advice provided within agreed timeframes

Type of advice	2003–2004		2004–2005		2003–04 to 2004–05 Change of % on time
	Number	Provided within agreed timeframe (%)	Number	Provided within agreed timeframe (%)	
Ministerial correspondence	1940	56	877	68	+12
Briefings					
- Minutes initiated by Department	251	n/a	262	n/a	
- Meeting briefs	98	83	68	86	+3
Question Time briefs	205	57	156	82	+25
Parliamentary questions on notice	64	27	36	34	+7

in this critical sector. The Department provided extensive analysis and briefing on the various elements of the package and their implications for media structure in Australia.

The Department also completed a review of the viability of creating an Indigenous television broadcasting service. The report of this review will be tabled in parliament early in 2005–06.

The Department undertook an extensive public consultation as part of the process for developing a policy and regulatory framework for the introduction of digital radio in Australia. Interested parties were invited to provide submissions in response to an issues paper that was released in December 2004, and a series of discussions was held with all major stakeholders. The Department received 24 submissions responding to the issues paper. It is expected that the Government will announce an implementation framework for digital radio in 2005–06.

A major review of the regulation of ‘convergent’ content was conducted during the year. The review focused on the appropriate measures to address community concerns about offensive or illegal content delivered to new and emerging communications devices such as 3G mobile phones. The review also considered issues associated with inappropriate contact potentially arising from new services available on such

devices. Implementation of any review findings will be a focus of 2005–06.

In February 2005, the Department finalised its report to the Minister on the review of Australian and New Zealand content on subscription television broadcasting services. The report of the review, including the Government response, was tabled on 16 March 2005.

The continued availability of sporting events of national significance on free-to-air television is a priority for Government and an important policy issue on which the Department advises. The *Broadcasting Services (Anti-siphoning) Act 2005* amended the anti-siphoning regime to extend the period in which events on the anti-siphoning list were automatically removed from the list, to give subscription television more time to plan the coverage of events that would not be shown on free-to-air television.

Ongoing advice was provided to the Minister on issues relating to the accountability and governance of the national broadcasters, including national broadcaster complaints-handling. The Department facilitated the expansion of digital television services by the national broadcasters by processing digital implementation plans associated with the rollout of 60 ABC services and 75 SBS services. The Department provided advice on proposed new digital television transmission and distribution contracts for SBS.

The Broadcasting Legislation Amendment Bill (No.1) 2005 was introduced into parliament on 23 June 2005. The Bill amends the *Broadcasting Services Act 1992* and the *Radiocommunications Act 1992* to provide a framework for the conversion of commercial television broadcasting services in remote Western Australia (designated as all areas outside Perth) from analogue to digital.

Under this model, Western Australians living outside Perth will receive a new, third digital television service. It will provide them, for the first time, with a level of services similar to those currently enjoyed by viewers in Perth. The Department also discussed digital conversion with commercial television broadcasters in remote, central and eastern Australia.

The Department coordinated the development of advice for consideration by Government on a range of radiocommunications matters, including legislative instruments required for the auction of spectrum for broadband wireless access services.

Effective client service and consultation

The Department has conducted consultative exercises during the year to assist with the analysis of sectoral policy issues. These consultative processes took various forms, such as seeking comment on discussion papers, and liaising with key stakeholders.

Calls for submissions in response to information or discussion papers were publicised widely, through advertisements in print media, by direct invitations to key stakeholders, through media releases, and via the Department's website.

During the reporting period the Department released consultation papers for four statutory reviews of the digital television regulatory framework, and on content on convergent devices and the introduction of digital radio in Australia. Submissions were also received on reviews of regulatory restrictions on additional programming provided by free-to-air broadcasters, and creation of an indigenous television service. The number of submissions received in response to the reviews is set out in figure 2.53.

The Department consulted regularly with the Australian Broadcasting Authority and the Australian Communications Authority on broadcasting and radio communications matters. The Department also consulted with relevant broadcasters to develop the framework for the digital conversion of remote area television broadcasting.

The Department is responsible for the administration of a number of broadcasting funding programs which require a high level of client focus and cooperation to ensure that these programs achieve their objectives. An evaluation of the Television Black Spots program conducted by the Department's

Research, Statistics and Technology Unit revealed a high level of responsiveness to applicants by the TV Fund Unit staff.

The highly facilitative approach to project application and management by the TV Fund Unit was important, as most applicants had no expertise or experience in television broadcasting technology.

The Department receives numerous public queries about aspects of the broadcasting regulatory regime, ways to redress poor television and radio reception, and digital broadcasting technology, products and services. The Department's annual client survey revealed that 95 per cent of the 39 broadcasting clients surveyed are satisfied with the services provided,

a slight reduction from the 98 per cent of 90 clients satisfied in the previous year.

Compliance with accountability standards

The Department's Research, Statistics and Technology Unit finalised an evaluation of the Television Black Spots program. The evaluation found that key stages in designing the program met better-practice standards including the identification of needs, consideration of the technical options in a scoping study, and consultation with key stakeholders. Frequent contact was maintained with all grant recipients to ensure reporting and other accountability requirements were met.

Figure 2.53 Broadcasting reviews

Review subject	Consultation paper issued	Number of submissions received
The regulatory restrictions applying to the additional programming provided by free-to-air broadcasters, including multichannelling	May 2004	38, plus some supplementary submissions
The viability of creating an Indigenous television broadcasting service	May 2004	49, plus almost 400 emails
Convergent content review	July 2004	19
Matters relating to the end of the moratorium on the issuing of new commercial television licences, which concludes on 31 December 2006	July 2004	18
The efficient allocation of spectrum for television and datacasting services	December 2004	13
The operation of legislation related to markets with only one or two commercial television broadcasters	December 2004	9
Introduction of digital radio in Australia	December 2004	24
The high-definition television quota	May 2005	25

A financial audit of the Commercial Radio Black Spots program was also undertaken in 2004–05. The objective of the financial audit was to determine, to an adequate level of confidence, that the recipients of program funding were spending the funds in line with the requirements of the funding agreement. The consultant found that the recipients had spent funds in accordance with the terms of the funding agreements.

During 2004–05, stringent new reporting requirements were established to enable adequate monitoring of the implementation of the new community broadcasting training and transmission funding programs.

Research and analysis activities contribute to policy development

Internal research activities draw on both subscriptions to relevant printed and online journals and participation in industry forums to build a strong understanding of domestic and international developments. For example, the Department's representation on the Electromagnetic Energy Reference group, the International Radio Communications Advisory Committee and the Radiocommunications Consultative Council means that it is well placed to develop considered policy advice on radiocommunications issues.

Where appropriate, expert consultants are engaged for specialised research

projects. During the year a consultant was engaged to provide advice on the infrastructure costs associated with digital radio transmission in Australia and another on the economic impacts of allowing free-to-air television broadcasters to offer additional services such as digital multichannels.

In both 2002–03 and 2003–04, the Department provided the Community Broadcasting Foundation with funding for multi-year national audience research projects to produce the first comprehensive picture of community radio and television audiences in Australia. The Department's Research, Statistics and Technology Unit provided technical advice in relation to these projects. The results of the quantitative audience research project were announced late in 2004 and the Department and the Government are using them to help formulate, implement and evaluate community broadcasting policy.

Targets for processing times met

In accordance with program funding agreements, payments are to be made within either 30 days or 20 working days of signing an agreement, and within 30 days or 20 working days of progress reports being accepted by the Department.

During 2004–05, 224 payments were processed and on average these payments were made within 11 days,

an improvement of four days over 2003–04. Fourteen payments (6.25 per cent) were not made within the requisite timeframe nominated in the relevant funding agreement. This represents a small improvement over 2003–04.

Highly effective budget management

As identified in the resources for the outcome table on page 94, the overall price of output 3.2 was \$251 000, or 1.32 per cent, below budget.

In 2004–05, \$5.339 million of the \$7.489 million provided through the Community Broadcasting Foundation

for community broadcasting sector was paid from departmental appropriations. Commencing in 2005–06, all payments to the foundation will be made from administered appropriations. This change will provide greater transparency of Government funding of the community broadcasting sector.

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



Teacher Luke Forgie with a student at remote Jilkminggan school in the Northern Territory; they are participating in a lesson from Katherine School of the Air, using two-way satellite equipment funded through the National Communications Fund

Output 3.3

Policy advice and program management that assists the development of the information and communications technology industry

High-quality program funding and grant administration

Advanced Networks Program, National ICT Australia and ICT Incubators

New funding agreements under the Advanced Networks Program were negotiated and signed with each of the three projects, CeNTIE, GrangeNet and m.Net, reflecting the additional \$21 million funding provided for the program for the three years commencing 2004–05. Administration of the funding agreements continued during the year and all 28 milestones were met.

The Department and the Australian Research Council continued to administer funding for the ICT Centre of Excellence, National ICT Australia, comprising \$124.8 million over 2001–02 to 2005–06.

Under the ICT Incubators Program eight funding deeds were administered in 2004–05. These were multi-year deeds signed in 2004–05. Up to 31 March 2005, 100 per cent of the originally agreed 49 milestones were met.

Figure 2.54 High-quality program funding and grant administration

Program	Expenditure \$m
Advanced Networks Program	8.0
National ICT Australia	17.2
ICT Incubators	12.6

Intelligent Island and Comtechport

While all moneys under the Intelligent Island and Comtechport programs had been paid to the Tasmanian and Victorian governments respectively by June 2003, the ongoing projects continue to be monitored by the Department.

Case study

National ICT Australia

National ICT Australia (NICTA) can be regarded as Australia's premier information and communications technology R&D and education facility. It is helping to coordinate public sector information and communications technology research and development across Australia.

National ICT Australia has five major laboratories supported by its members and partners. Its work complements information and communications technology R&D activities by other public sector organisations like the CSIRO, cooperative research centres, the Defence Science and Technology Organisation, and tertiary institutions.

The Government recognises that information and communications technology has important and growing linkages with most areas of the economy. It established the facility to create a critical mass of long-term and strategic ICT research activity that can provide a focus for investment attraction and technology transfer.

The facility now has more than 160 researchers in its five laboratories, working on over 40 research projects across 16 programs. There are more than 100 PhD students in its training program, and it has strong links to

major domestic and international ICT research institutions and firms.

One of National ICT Australia's key outcomes is to increase national wealth, so its strategic research focus is founded on next-generation basic research, targeted at end uses and of clear potential benefit to the Australian economy.

It is planning large-scale projects which will address issues of clear national importance in areas such as e-government services, smart roads and water management.

A good example of the application of National ICT Australia's research is its collaboration with the NSW Roads and Traffic Authority to bring information and communications technology R&D into smart traffic and transport management systems that could lead to improvements in city traffic flows and consequent savings in energy usage.

The Smart Transport and Roads Project will demonstrate new systems and technologies capable of significantly improving the traffic management systems for the authority. The research will investigate things like real-time traffic control, traffic scheduling, sensors and surveillance, and advanced communications.



NICTA program leader Prof. Peter Eades, centre, and Kensington Lab director Dr Terry Percival, left, at the launch of the new Visual information access room (VIAR) in NICTA's laboratory; the VIAR is assisting researchers to develop sophisticated 3D models of complex and new ways for people to interact with computers

High-quality and timely policy advice and ministerial services

The Department provided significant direct support to the Minister on ICT related matters.

Timeliness figures are measured against a two-week turnaround target.

This is the second year such performance information has been collected, and results for 2004–05 have shown improvements over the previous year's results in all categories (figure 2.55). Where figures appear to show less than ideal response times, delays were due to the complexities involved in developing quality policy advice and the need to consult with portfolio agencies and government business enterprises. The executive will continue to monitor response times and actively address areas with unusually long delays.

The key issues raised through ministerial correspondence included program implementation matters, and general information and communications technology industry development policy and assistance.

The Department supported a large number of meetings between the Minister and stakeholders, and provided advice on a range of policy issues. In 2004–05 these issues included:

- establishing a regular roundtable of public sector information and communications technology research organisations and an annual ICT Outlook forum for ICT researchers;
- negotiating the Government procurement chapter of the Australia–United States Free Trade Agreement, particularly as it pertained to access for ICT small and medium enterprises to the United States market;

Figure 2.55 High-quality and timely policy advice and ministerial services

Type of advice	2003–04		2004–05		03/04–04/05 Diff % on time
	Number	% on time	Number	% on time	
Ministerial correspondence	193	24	110	59	+35%
Briefings					
- Minutes initiated by Department	84	n/a	59	n/a	n/a
- Meeting briefs	62	87	33	90	+3%
Question Time briefs	79	62	85	68	+6%
Parliamentary questions on notice	1	0	0	n/a	n/a

- implementing ICT initiatives as part of the Backing Australia's Ability innovation package;
- advising on areas of industry concern such as skills demand and supply, employment, professionalism and ICT research and development; and
- providing background on key trends in the domestic ICT industry.

Effective client service and consultation

Consultation was undertaken through the Women in ICT Advisory Group, the Software Quality Accreditation Working Party and the ICT SME Joint Industry Government Working Party. The Department also consulted widely with industry and relevant government agencies on relevant programs and policy development including ICT incubators, industry development plans and the Government's policy to cap liability for suppliers in Australian Government ICT contracts.

The annual client satisfaction survey conducted by the Department found that 29 of the 30 people who responded to the survey and had dealt with the Department on information and communications technology matters were satisfied with the services provided.

Compliance with accountability standards

A range of funding programs is administered through output 3.3. In all cases, the Department builds on the better practice administration principles published by the Australian National Audit Office for the administration of programs. For example, it is standard practice to receive independently audited statements from grant recipients.

Research and analysis activities contribute to policy development

To ensure that the Department's policy advice is based on sound analysis and understanding of the information and communications technology sector, the Department conducts its own internal research and commissions external research as required to address specific issues.

In 2004–05, ICT-related research and analysis focused particularly on an improved understanding of the ICT innovation system and information and communications technology's broader economic contribution to innovation policy.

Key employment trends in the sector, the supply and demand for skills, and ICT research and development were tracked as a basis for providing policy advice. A joint government, industry and education sector advisory group is

considering the findings of an information and communications technology skills foresighting study and other investigations undertaken by the Department into the ICT skills market.

External research undertaken in 2004–05 included: examining the level of involvement of small and medium enterprises in Australian Government ICT contracts, ICT production in Australian small and medium enterprises, the use of information and communications technology by manufacturing firms, electronics capability mapping, and a study of Australia's software industry and vertical applications markets.

Targets for processing times met

Targets for responses to reporting requirements and payment deadlines for administered items were met.

The Department was responsible for assessing the industry development component of the endorsed supplier arrangement administered by the Department of Finance and Administration until the end of 2004. From July to December 2004 the Department received 235 applications for assessment.

Of these, around 84 per cent were processed by the Department within four weeks of receipt, rising to 92 per cent within the target processing time of six weeks.

Highly effective budget management

As identified in the resources for outcome table on page 94, the overall price of output 3.3 was 3.2 per cent, or \$257 000, above budget. This variation is mainly due to overhead allocation fluctuations as a result of final average staffing levels.

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

Output 3.4

Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials

Effective Commonwealth copyright administration

As a result of changes in administrative responsibilities, the Commonwealth Copyright Administration was transferred to the Attorney-General's Department on 1 March 2005. Up to that date, the Department had responded to 1100 requests to use copyright materials published by the Commonwealth. That is 13 per cent above the figure for the same period in the previous financial year.

The processing times for the handling of requests to use copyright materials published by the Commonwealth in 2004–05 were consistent with past performance

and met the Department's client service standards.

High-quality and timely policy advice and ministerial services

Similar to the 2003–04 reporting period, the latter half of 2004 was dominated by the Australia–United States Free Trade Agreement implementation process. Timeliness figures for the reporting period (figure 2.5) show a decline on 2003–04. This may be partly due to the small sample size, but also reflects the rapidly changing legal and regulatory environment which necessitated a delay in processing some items.

Figure 2.56 High-quality and timely policy advice and ministerial services

Type of advice	2003–04		2004–05		03/04 – 04/05
	Number	% on time	Number	% on time	Diff % on time
Ministerial correspondence	103	48	18	34	-14
Briefings					
- Minutes initiated in DCITA	28	n/a	21	n/a	n/a
- Meeting briefs	12	60	5	100	+40
Question Time briefs	22	22	49	88	+66
Parliamentary questions on notice	2	50	0	n/a	n/a

During this time the Department provided numerous briefs on complex issues for the Minister and other Government agencies, including pay TV piracy and a range of matters associated with implementing the Australia–United States Free Trade Agreement. The Department continued to work with other agencies to interpret relevant obligations of the agreement and design new laws to implement those obligations in a manner consistent with the domestic legal framework.

The Department also actively responded to stakeholder concerns and representations in relation to the agreement implementation process, including through preparation of ministerial correspondence and briefs.

The Department continued to work on other amendments including Indigenous communal moral rights, film directors' rights, resale royalty, and Government reviews on subscription broadcast piracy, broadcast licence fees, the review of copyright exceptions and the 2001 Digital Agenda copyright amendments.

Effective client service and consultation

During the reporting period, the Department consulted with industry representatives, portfolio agencies, and other government agencies and departments.

In June 2005, the Department convened a forum to inform portfolio agencies on the Government's review of fair use and other copyright exceptions and to discuss key issues affecting portfolio agencies and the Department. The Department continued to work closely with the Attorney-General's Department throughout the reporting period, both before the change in copyright policy responsibilities and afterwards in fulfilling its new portfolio coordination and advisory responsibilities.

Compliance with accountability standards

Up until its transfer to the Attorney-General's Department in March 2005, the Commonwealth Copyright Administration processed requests for copyright permissions and licences in accordance with Departmental client service standards.

In 2004–05, the Department continued to work with the Attorney-General's Department and IP Australia to develop a whole-of-government approach to intellectual property management in response to the Australian National Audit Office Report No. 25, *Intellectual property policies and practices in Commonwealth agencies*. As part of this process, the 2001 IT/IP Guidelines will also be reviewed and incorporated within a broader intellectual property manual for Government agencies.

In line with the streamlined copyright responsibility arrangements, responsibility for this issue has now passed to the Attorney-General's Department. The Department will remain actively involved, however, in developing the whole-of-government approach, particularly as it relates to the information technology sector.

Research and analysis activities contribute to policy development

Research and analysis activities form an essential part of the policy process. During the reporting period, the Department researched libraries and archives practices, legal and policy issues on the 'fair use' of copyright material, resale royalty schemes, and copyright laws and practices in our major trading partners. The results of the research informed the Government's approach to recent copyright policy reforms.

Targets for processing times met

Before its transfer to the Attorney-General's Department on 1 March 2005, the Commonwealth Copyright Agency

responded to 1100 inquiries and request for permission to use copyright materials published by the Commonwealth. Of these requests, approximately 65 per cent were finalised within one working week of receipt. This met the Department's client service standards.

Highly effective budget management

As identified in the resources for the outcome table on page 94, the overall price of output 3.4 was 12.2 per cent, or \$330 000, below budget due to lower-than-anticipated expenditure on staffing and travel.

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

Case study

Epicorp ACT—mentoring the Locata Corporation

The ICT Incubators Program provides seed capital and business advice to selected information and communications technology start-up companies across Australia to help them accelerate their growth and development.

Since the ICT incubators were established in 2000, they have supported more than 375 information and communications technology start-up companies and raised more than \$171 million in private co-investment.

The Canberra-based company Locata Corporation is one such company. Locata has developed a location positioning system that builds on global positioning systems from satellites.

Locata's prototype uses signals received from a local positioning network (LocataNET) to determine a user's location even through barriers like walls and ceilings that normally block out satellite reception.

Precise measurement of position regardless of obstacles has significant applications in areas such as urban transport, search and rescue, warehouse stock control, and in-car guidance systems, to name just a few.

Locata is commercialising its radiolocation technology with the aid of the information and communications technology incubator company Epicorp, and has already obtained its first commercial orders including some international sales.

Besides providing funding, incubators such as Epicorp offer a range of services to help companies achieve their potential.

They can help a company's senior management with corporate growth strategies, go on a company's board, help with strategic and business planning, advise on corporate governance, help develop a forward financing plan and help the company develop a network of contacts for raising additional funds.

In May 2005, Locata received an R&D Start grant to refine and miniaturise its technology for mobile handsets.

Locata's idea shows every sign of combining successfully with venture capital and strategic advice to produce a home-grown technology product with enormous commercial potential both here and overseas.



Locata Corporation founders Nunzio Gambale, l, and David Small, c, showing a Locatalite prototype to Senator Gary Humphries, who presented the company with a \$4.93 million R&D Start grant

Output 3.5

Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

High-quality program funding and grant administration

Information Technology Online program

Information Technology Online is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small and medium enterprises. More than 100 applications were received in two funding rounds held during 2004–05. Round 12 funded four projects to the value of \$683 000 from the health and electronics sectors, with two projects based in regional areas. Round 13 funded five projects to the value of \$820 000 from the viticulture, agriculture, arts, manufacturing and community sectors.

During 2004–05, \$1.87 million in funding was provided to ongoing projects. Projects are funded in accordance with individual funding agreements and continued funding is based on performance. Interest in the program was strong: at the end of 2004–05 there were 2867 email subscribers to *ITOL News* compared to 2582 in 2003–04.

Funding agreements for nine new projects involving 51 organisations were finalised

in 2004–05. A total of 19 projects from rounds 8, 9, 10 and 11 were completed in 2004–2005. Two additional case studies of successful Information Technology Online projects are available on the Department's website.

The program is funded as part of the Government's 2001 innovation statement, *Backing Australia's Ability*. The program is scheduled to conclude in 2006–07.

High-quality and timely policy advice and ministerial services

The Information Economy function of the Department provided all of its briefings to the Minister's office on time (figure 2.57). It performed well in dealing with ministerial correspondence, with 80 per cent of responses completed on time. This represented a 32 per cent improvement on results from last year. Seventy-two per cent of Question Time briefs were completed on time.

The Department coordinated a review of the existing Australian legislative framework to assess its coverage of the malicious practices associated with the

use of spyware. This included input from the Attorney-General's Department and law enforcement agencies. Advice on the review outcomes was provided to the Minister for consideration and publicly released in March 2005.

Effective client service and consultation

The Department has actively consulted with key industry stakeholders on a range of information economy policy issues. These include e-business, e-research, innovation policy, the contribution made by information and communications technology towards productivity, and statistical and other measurement issues. Meetings and briefings were held throughout the year seeking views of stakeholders.

According to the Department's client survey, overall satisfaction with the Department from within the information economy sector remained high (100 per cent) this year with all 33 respondents surveyed rating

service as satisfactory or better. The division has maintained this excellent track record since last year (last year's survey results showed 100 per cent of the 28 respondents surveyed expressing a high level of satisfaction).

Community ICT transformation discussion papers

In February 2005 the Department released two discussion papers: *The role of ICT in building social capital* and *Communities and ICT: transforming the non-profit sector*. The papers were intended to stimulate public discussion and provide a basis for consultation on the social and community impacts of ICT. The papers had a companion set of 31 case studies. Interested parties were invited to provide submissions.

Thirty-five submissions were received from non-profit organisations, government departments, individuals and business. Meetings with interested parties were held in Canberra, Adelaide, Sydney and Melbourne.

Figure 2.57 High-quality and timely policy advice and ministerial services

Type of advice	Information Economy				
	2003–2004		2004–2005		03/04–04/05
	Number	% on time	Number	% on time	Diff - % on Time
Ministerial correspondence	171	48%	61	80%	+32%
Briefings					
- Minutes initiated in DCITA	54		58		
- Meeting briefs	15	87%	3	100%	+13%
Question Time briefs	45	58%	40	72%	+14%
Parliamentary questions on notice	1	0%	0	N/A	N/A

The submissions raised a broad range of social, technical and economic barriers to increased use of ICT in communities and in the non-profit sector. A public report was prepared on the consultation process and the main issues and recommendations raised in the submissions.

ICT skills foresighting project

The Government has established a formal process, in cooperation with industry, to examine new challenges facing Australia's information and communications technology sector and emerging areas of skills demand.

The ICT skills foresighting project will provide an analysis of emerging ICT skills requirements that could be used to inform the design of tertiary courses and on-the-job training programs. It will also inform the training decisions made by companies and workers so that Australian information and communications technology workers continuously improve their skills.

On 21 February 2005, the Minister announced the formation of the ICT Skills Foresighting Working Group. The working group is examining trends and future developments in Australia's ICT sector and their implications for skills development.

It includes a review of skills demand, the fit between industry skill needs and existing training, and possible options for better meeting the future skill needs of industry.

The working group held its first meeting in Sydney on 1 March 2005 and its second meeting in Melbourne in 1 June 2005.

Online consumer confidence and trust issues

A discussion paper addressing key spyware issues and possible responses was developed in close consultation with key industry stakeholders. The paper was released in May 2005 and was supported by a series of public workshops held in each capital city.

The workshops were designed to gather feedback about the issues raised in the discussion paper, the challenges associated with spyware, and potential elements of a broader spyware strategy. The workshops were widely advertised through the print media, direct invitations to key stakeholders, media releases and information on the Department's website.

Spam

The Department, in conjunction with the Australian Communications Authority, worked through several international processes to ensure that as many countries as possible act against unsolicited electronic messaging ('spam'), thereby reducing the problem for Australian Internet users. These included development of anti-spam resources through the Organisation for Economic Co-operation and Development, where a departmental official chairs a Task Force on Spam; participation in workshops conducted by the International

Telecommunication Union; and initiatives to improve coordination between these bodies.

e-Security policy

The increasing reliance of business on the Internet has increased its vulnerability to online threats. Many small and medium enterprises do not have sophisticated information technology to deal with security issues and threats such as a denial of service attack, viruses, hacking or theft of confidential or business information.

The e-Security Coordination Group, chaired by the Department, is the Australian Government's core policy development and coordination body on e-security matters. The group focuses on e-security research and development and skills issues, as well as the need to raise Internet security awareness.

In August 2004, the Department published an online security guide for small businesses, *Internet security essentials for small business*, available on the Department's website at www.dcita.gov.au/ie

There is currently no widely accepted or consistent framework for e-security qualifications and skills recognition in the Australian marketplace. In May 2005, the Department commissioned SIFT Pty Ltd to conduct a detailed study and consult with industry on the feasibility of

an information technology security skills accreditation scheme in Australia.

The Department is working with the Internet Industry Association on a scoping study to identify the benefits of a federated model for electronic authentication, to address potential barriers and problems and to engage industry stakeholders.

Departmental officials chaired the e-Security Task Group of the Asia-Pacific Economic Cooperation (APEC) Telecommunications Working Group and served as vice-chair of the Organisation for Economic Co-operation and Development (OECD) Working Party on Information Security and Privacy. The Department is also represented on the International Steering Committee of the International Organisation for Knowledge Economy and Enterprise



Kelly Mudford of the Online Environment team handing out publications at a spyware forum

Case study

Protecting Australia's critical infrastructure

With much of Australia's critical infrastructure privately owned or operated, the Australian Government has established the Trusted Information Sharing Network to enable owners and operators of critical infrastructure to share information in a trusted environment.

One of the groups in the network is the IT Security Expert Advisory Group, chaired by the Department. The expert group provides strategic guidance to the network on the IT security elements of critical infrastructure protection.

The expert group has identified the e-security aspects of supervisory control and data acquisition (SCADA) systems as an important issue for many critical infrastructure organisations. The systems are used for remote monitoring and control in the delivery of essential services and products such as electricity, natural gas, water, waste treatment and transportation.

In the past, these systems were mostly stand-alone and because of this they were quite secure. However, as SCADA systems become increasingly integrated with technologies such as the Internet and wireless they are becoming more exposed to IT security threats.

In August 2004, the IT Security Expert Advisory Group established a SCADA community of interest with representatives from critical infrastructure sectors such as water, energy, transport and broadcasting.

The community of interest's first step was to develop advice for senior managers about the e-security of their own systems. In May 2005, it organised workshops around Australia which brought together owners and operators from a range of industries. The workshops, attended by more than 200 delegates, raised awareness about the security of supervisory control and data acquisition systems in critical infrastructure sectors.

Besides learning about IT security issues here and overseas, the participants identified risk management and assessment methodologies appropriate to SCADA systems as an important security issue. Training and education with regard to security needs and specific SCADA security research and development requirements were also among the topics discussed.

The community of interest's work on systems security is broadening to include international collaboration. Australia already has a productive working relationship with the United Kingdom, and has recently established an international working group on SCADA security with the United Kingdom, Canada, the United States and New Zealand.

Australia is also taking a leading role in raising the profile of SCADA security issues in international forums such as the Organisation for Economic Co-operation and Development and Asia-Pacific Economic Cooperation.

Development's global trust centre project. Support was provided to the steering committee for a feasibility study into the market for authentication in international digital transactions.

Critical infrastructure protection

The Department has worked closely with the critical infrastructure sector to raise awareness about security aspects of critical infrastructure protection and has facilitated networking and information sharing between owners and operators of critical infrastructure.

The IT Security Expert Advisory Group, chaired by the Department, undertook a range of work, including:

- advising critical infrastructure owners and operators on vulnerabilities associated with wireless applications;
- providing advice within the Trusted Information Sharing Network on improving security in supervisory control and data acquisition (SCADA) systems;
- establishing a community of interest across a number of Trusted Information Sharing Network sector groups (including energy, water, transport and communications) with an interest in supervisory control and data acquisition issues;
- organising four workshops on supervisory control and data acquisition e-security around Australia in May 2005. The workshops were attended by more than 200 participants; and
- providing input into the assessment of computer network vulnerability assessment project applications with an IT security focus.



Members of the Critical Infrastructure team reviewing the SCADA workshop program: l to r Tony Wein, Kate Day, Sabeena Oberoi, Thomas Pietsch, Peter Beaver

The Department also provides secretariat support for the Communications Sector Infrastructure Advisory Group which, during the reporting period:

- developed a risk management framework addressing risks arising from all hazards in the telecommunications, postal and broadcasting sectors;
- worked with the Emergency Services Infrastructure Assurance Advisory Group to help establish broadcasters' priorities in an emergency situation;
- worked with the National Oil Supplies Emergency Council to ensure that the requirements of the communications sector are considered in prioritising distribution of liquid fuel in an emergency situation; and
- worked with the Attorney-General's Department to develop a risk context statement, focusing on terrorist threats to the telecommunications sector, for wide distribution within the sector.

National Broadband Strategy Implementation Group

The implementation of the National Broadband Strategy (released in March 2004) is being overseen by the National Broadband Strategy Implementation Group.

It is a high-level, cross-jurisdictional working group with representatives from all levels of government and is a focal point for coordinating government broadband activities. The group reports to Online Council. Online Council is a Commonwealth–state ministerial council, which exists under the umbrella of the Council of Australian Governments.

The first yearly update from the group covering its activities and progress against the key performance indicators was released in early 2005 and published on the Department's website at www.dcita.gov.au

The report shows that Australia has the fifth fastest broadband take-up rate amongst Organisation for Economic Co-operation and Development countries in the period December 2002 to June 2004.

A 102.7 per cent increase in household subscribers indicates that broadband has entered the rapid-growth phase typical of the standard pattern of adoption for new technologies. Similarly, small business take-up of broadband has grown vigorously, according to Pacific Internet Broadband Barometer, with an estimated 52 per cent of Internet-enabled small businesses using broadband at July 2004. This has been a 29 per cent increase over the past two years.

Compliance with accountability standards

The Information Technology Online program is consistent with better practice administration principles published by the Australian National Audit Office in *A better practice guide for the administration of grants*, May 2002.

The Department maintains frequent contact with grant recipients to ensure that reporting requirements are met. An evaluation of rounds 6 to 11 of the program was conducted by the Department's Communications Research Unit but not finalised by the end of the reporting period.

Research and analysis activities contribute to policy development

The information economy

The Department produces a number of statistical publications on the information economy. *The Current State of Play 2004*, available at www.dcita.gov.au <ie>benchmarking, was published in December 2004. It has been a useful tool for disseminating information about the development of Australia's information economy.

The Department also produces an annual information economy index to monitor and report on Australia's progress compared



Online Council members: back row l to r Shane Gilbert (ACT), Cr Paul Kelly (WA), Richard Galton (NT), Senator Eric Abetz, Chris Cummins MP (Qld), middle row Karlene Maywald MP (SA), Marsha Thomson MLC (Vic), Lara Giddings MHA (Tas), front row Alan Carpenter MLA (WA), Senator Helen Coonan

to other countries. The index benchmarks Australia's performance in the global information economy, presenting statistical indicators relating to readiness to participate in the information economy and intensity of participation.

As at 30 June 2004 (the most recent data available), 85 per cent of Australian businesses had access to a computer, 74 per cent were connected to the Internet and 25 per cent had a web presence. The estimated volume of Internet income for business in the 12 months to 30 June 2004 was \$33 billion (up from \$24.3 billion in 2002–03), equivalent to four per cent of gross domestic product (up from 3.2 per cent).

Household use of the Internet continues to grow, increasing to 62 per cent in the fourth quarter 2004 (up from 58 per cent the previous year).

Strategic framework for the information economy

Australia's *Strategic framework for the information economy 2004–06: opportunities and challenges for the information age* was released by the Government in July 2004. It provides the policy platform to address new challenges to Australia's position as a leading information economy.

The framework sets out four key priorities and 16 supporting strategies that focus on a whole-of-government agenda to ensure the ongoing development of Australia's information economy.

The Department is conducting a review of the framework which will be completed by December 2005.

e-Research

e-Research is the term used to describe the impact that recent developments in information and communications technologies is having on the conduct of all forms of research. The term has particular application in describing large-scale projects involving very high levels of bandwidth capacity, computational power and data storage.

It can involve access to very large data collections, complex simulations, high performance visualisation back to the individual users, and virtual research organisations.

On 23 May 2005 the Minister, together with the Minister for Education, Science and Training, announced the formation of an e-Research Coordinating Committee. The committee will bring key stakeholders in the research community together and provide policy direction for the transformation of Australia's research environment. The formation of the committee meets the Government's election commitment to implement a coordinated structure for e-research in Australia based on the United Kingdom e-science program.

Business angel networks

A Government election commitment was to investigate the operation of

business angel networks in Australia and identify what could be done to support their development. Business angels are individuals who invest capital in, and bring management expertise to, new enterprises with growth potential.

The Department has begun an investigation which will explore the reasons for the apparent absence of angel investors in Australia, as well as the measures taken in other countries to encourage angel investment, especially measures to encourage the formation of angel networks.

The investigation has involved consultations with experienced industry experts, interest groups and state government representatives, a review of the relevant literature, and an examination of relevant policies and programs in other countries. The report of the investigation will be finalised in 2005–06.

ICT and productivity

During 2004–05, the Department continued its research program into information and communications technology and productivity growth, with in-house research supplemented by a number of consultancies. This research found that information and communications technology is an enabler, a necessary but not sufficient condition for productivity growth.

The Department published *Achieving value from ICT: key management strategies*, the result of a partnership between IT consultants Opticon and the Australian National University's National Centre for Information Systems Research. The report found that the benefits of information and communications technology can be maximised through informed investment and openness to organisational transformation.

The report's complete data set has been made available online to encourage further research on ICT use in the academic and business community. A companion booklet has also been published which carries the key messages of the report in a readily accessible format appropriate for the small and medium enterprise sector.

Over the next 12 months, the Department will continue its research program and will publish several reports on the impact of information and communications technology on business performance and economic productivity.

Small business

The Department's focus for small business and the information economy has been on trust, security and interoperability.

The Department launched *Internet security essentials for SMEs*, a publication with a range of e-security resources, in August 2004. Funding and other support was provided for an e-security roadshow,

managed by the then Australian Communications Authority, which targeted small and medium enterprises in major cities and regional areas.

Information resources for small and medium enterprises have been made available through the *e-business guide* website (www.e-businessguide.gov.au) and associated publications.

The Department is working with the Centre for Collaborative Business Innovation at Swinburne University TAFE to extend and promote the e-business guide through the use of an interactive, 'customisable' training aid that facilitates self-assessment and produces an e-business plan.

The Department has also commissioned the production of targeted e-business statistics by the Sensis company, which will be available in 2005–06.

Strategic e-business

At the international level, the Department provided funding support for Australian industry participation at meetings convened by the United Nations Centre for Trade Facilitation and Electronic Business. It is the agency responsible for ensuring open, interoperable standards for electronic business.

Continued sponsorship has ensured ongoing industry involvement in its e-business standard-setting processes. The Department has been working with industry to develop a framework of

e-business standards known as BizDex.

The framework has the potential to achieve interoperability across supply chains and to generate efficiency gains for all participants in that supply chain. The Department is seeking to establish an industry-driven entity to manage BizDex in 2005–06.

Teleworking

The Government committed in the 2004 election to establishing a teleworking taskforce consisting of government agencies and industry and small business representatives. This taskforce was to advise on the development of telework for employees and businesses and options for action. The Australian Telework Advisory Committee has been established and held its first meeting on 31 March 2005. The committee's secretariat held public consultations, conducted stakeholder interviews and called for public submissions from April to May 2005. The committee will finalise a report to Government, including an analysis of drivers and impediments to telework uptake and recommendations on what the Government's role could be, by February 2006.

Online consumer confidence and trust issues

In February 2005 the Department joined 30 members of the International Consumer Protection and Enforcement Network in an annual sweep of the Internet to target

fraudulent and deceptive scams spread through spam and spyware.

The Department also participated in a questionnaire on spyware coordinated by the Asia–Pacific Economic Cooperation e-Security Task Group. The questionnaire was designed to assist in identifying possible future work within the organisation to aid member organisations developing policy responses to spyware.

International cooperation on spam countermeasures

A departmental officer was seconded to the Organisation for Economic Co-operation and Development (OECD) to lead the development of a program of work to facilitate international cooperation against spam.

This resulted in a framework for an anti-spam toolkit to aid the development of anti-spam policies and strategies, and the London Action Plan, an information network for better international spam enforcement cooperation.

A taskforce comprising international experts was subsequently formed to continue work within the OECD, and a departmental officer was elected to chair this task force.

e-Security

The Department commissioned a report from the Commonwealth Scientific and

Industrial Research Organisation (CSIRO) on the use of web services security technologies. The final report was received in May 2005.

In May 2005, CSIRO provided the Department with its final report on web services security. The report provides an overview of web services and details of its prototype development.

The Department has worked with international bodies such as the National Infrastructure Security Coordination Centre in the United Kingdom to research security aspects of supervisory control and data acquisition (SCADA) systems. The Department is currently working with the centre to develop a joint Australia–UK SCADA portal.

The Department also commissioned KPMG to undertake a study of security matters relating to the use of voice over Internet protocol and related Internet-based telephony services that may be implemented by the owners and operators of critical infrastructure in Australia.

Timely advice

Online Council and Online Council Standing Committee

An Online Council meeting scheduled for late 2004 was postponed due to the federal election and machinery of government changes. The Online Council

Standing Committee met in April 2005 to organise details for the August 2005 Online Council meeting.

A review of the Online Council, as required by the Council of Australian Government protocols, commenced in May 2005. The Online Council secretariat will provide a report on the review to Online Council in August 2005.

Highly effective budget management

As identified in resources for outcome table, the overall price of output 3.5 was below budget. This lower-than-budgeted allocation of Departmental support appropriation revenue was primarily due to overhead allocation fluctuations as a result of final average staffing level balance

Managers conduct a regular evaluation 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 issues where possible.

