



# Annual Report

## NSW Telco Authority

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## Chairperson's report

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I am proud of the work undertaken by the NSW Telco Authority (Authority) in the past year.

The Authority commenced a staged roll-out of the largest public safety network in the southern hemisphere and provided a world class operational communications service. The Authority has worked hard to provide communication services with a focus on customer needs and has utilised innovative and flexible approaches in an accountable manner.

Effective partnerships with our network users and industry have been critical to our success. We connect agencies and communities via the state-wide integrated public safety network and the Mobile Black Spot and Regional Digital Connectivity Programs. The Authority is working closely with the Australian, state and territory governments, to pursue a proof of concept trial for the Public Safety Mobile Broadband Program (PSMB). Notably, the Council of Australian Governments agreed to a national PSMB Strategic Roadmap in December 2018.

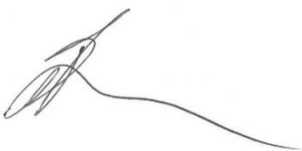
The Authority's structure has been reviewed to ensure it provides us and our partners with capabilities consistent with the changing requirements of our significant capital works and technology programs. To this end we have issued an important request for proposal to provide for the operation and management of the network we are building, permitting the Authority to focus on new applications and services of value to its customers.

The Authority was successful in obtaining an exemption from the requirement under the *Telecommunications Act 1979* (Cth) which states that network units must not be operated without a carrier licence. This recognises the Authority's role as a network provider to emergency services organisations and other significant institutions. The past year has also seen amendments to our enabling legislation and the broader Commonwealth telecommunications regulatory regimes. These ensure our operations are best adapted to current and emerging technology and policy environments.

I am pleased to acknowledge the hard work and talent of the broader Telco Authority team, including its partners, and the great support and engagement of the emergency services organisations with whom we work so closely. I also recognise our former Managing Director, Kate Foy, who has gone onto a senior role in the NSW Department of the Premier and Cabinet. Kate's leadership and energy have been critical to the implementation of the public safety network and we wish her well. We welcomed Kylie De Courteney as Managing Director. Kylie brings engagement experience and a sharp customer service focus to the role.

The Authority has seen important changes during the year at the Board level and a stronger partnership focus with our private sector suppliers. We farewelled Philip Gardner from NSW Treasury on the completion of his statutory term. Philip's contribution was always considered and valuable and we thank him for his work as a Board member. I would also like to thank Assistant Commissioner Kyle Stewart, APM, formerly representing the NSW Police Force and currently Acting State Emergency Services Commissioner, for his energetic commitment to an improved operational communications service. We welcomed Greg Wells, NSW Government Chief Information and Digital Officer to the Board. The Authority strongly commits to the Government's renewed focus on technology-enabled customer service, heralded by the major restructure of the NSW Public Service.

Based on the success of the past year and our commitment to developing strategic and customer relationships, I am confident the Authority will continue to deliver critical communications services for stakeholders and the NSW public with commitment and skill.

A handwritten signature in black ink, appearing to read 'Beth Jackson', with a long, sweeping underline.

**Beth Jackson**  
Chairperson



## Managing Director's report

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The NSW Telco Authority (Authority) had a productive year. Our organisation continued to grow and develop as we worked towards the goals set out in our Corporate Plan and progressed initiatives in the NSW Government Operational Communications Strategy.

We launched the One Team Charter in early 2019. The Charter sets out how we work with our partners and stakeholders to deliver the public safety network and is based on our values of service, transparency, accountability, integrity, respect and safety.

The Critical Communications Enhancement Program (CCEP), after being re-forecasted in the reporting period, has continued to progress and expand its coverage across NSW. During 2018-2019, the availability of the public safety network continued to perform above the Service Level Agreement of 99.95 per cent. This enabled us to deliver reliable and consistent communications to our customers, with user numbers growing over the reporting period. We remained focused on completing site acquisition, environment and design (SAED) across the network. Of the 369 sites that are funded for construction, 103 sites have completed SAED. 51 CCEP sites have been successfully constructed and 34 sites are operationally accepted. The Greater Metropolitan Area (GMA) has remained a priority region and has been tracking ahead of re-forecasted targets.

The delivery of the Commonwealth Mobile Black Spot Program (MBSP) has continued to be a success. Telstra, Optus and Vodafone have achieved 88% of the 183 Mobile Black Spot sites on-air by 30 June 2019.

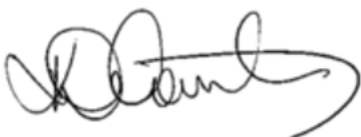
Over the year we delivered on our commitment to provide leadership in the development of a nationally consistent Public Safety Mobile Broadband. The Authority has played a vital role in engagement with industry across the national market. This has led to an agreement with all states and territories to pursue a national Proof of Concept trial to inform the preferred delivery model.

In December 2018 the *Government Telecommunications Act 2018* came into force after an extensive period of review and stakeholder consultation. The Authority's governing statute was updated to better align with our organisation's role, function and practices.

I am looking forward to the upcoming financial year in which we transition to being in the Department of Customer Service and also playing a role in the NSW Digital Government Strategy. The Strategy aims to deliver improved, user-centric services and we will contribute through the critical infrastructure we are building, as well as increasing connectivity across NSW.

I would like to thank Telco Authority staff, as well as the Board, who welcomed me into the role of Managing Director. I would also like to thank Kate Foy who headed the Authority for most of the year, for her leadership of the Authority and its programs. I am also grateful for the support we have received from NSW departments, including Infrastructure NSW, NSW Treasury and Transport for NSW.

The Authority is committed to working with our partners to deliver essential services to the community and emergency service organisations through the CCEP. I am delighted that the Authority enables the important work of these organisations, including NSW Police, NSW Rural Fire Service, NSW Ambulance, NSW State Emergency Service and Fire and Rescue NSW, as officers often rely on the network in critical situations to keep the community safe. The Authority takes its responsibility to deliver the CCEP and administer the public safety network very seriously and we look forward to continuing our efforts in 2019-2020.



**Kylie De Courteney**

**Managing Director**

## About the NSW Telco Authority

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**We believe that communication is critical for people.**

**Our purpose is to connect people, across NSW, so they can work together and keep people and places safe.**

**We do that by designing, commissioning and managing operational telecommunications services that support NSW Government agencies and communities.**

The services provided by the NSW Telco Authority (the Authority) to users of operational communications services include to:

- reform the state's infrastructure and services to make the portfolio more efficient, improve services and streamline processes
- undertake the planning, deployment and management of government radio and data services
- identify, develop, deliver and procure communications services which meet the needs of customers
- manage voice and data spectrum allocations on behalf of all NSW agencies
- coordinate responses to telecommunications outages during major emergencies and natural disasters, including acting as a conduit between telecommunications carriers and emergency management organisations.
- provide strategy, policy and advocacy for the sector, including liaising with national bodies and stakeholders on sector reforms and enhancing the capabilities of the sector

## Our Senior Leadership Team

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The NSW Telco Authority has a new senior leadership team who work with experienced and qualified staff to deliver the functions and operations of the organisation. The senior leadership team is comprised of:

**Kylie De Courteney**, BCom, Managing Director

**Andy Reeves**, Special Advisor

**Alan McNamara**, Director Planning & Projects

**Jackie Giles**, MCT, GAICD, Director Commercial

**James Corkill**, BEng –Telecommunications (Hons), Chief Technology Officer.

**Liz Botha**, HDip Finance & Credit Risk Management, Director Client and Stakeholder Services

## Our operating principles

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- We partner and work together with industry and stakeholders to ensure that agencies can deliver reliable, efficient and effective services to the community
- We engage our stakeholders as partners in aligning strategies, delivering solutions and reforming services
- We acknowledge and provide for the unique operating requirements of emergency service organisations
- We ensure services deliver the best value outcomes for NSW while continuing to meet stakeholder needs and providing an equal or improved level of service
- We provide strategic direction and value to the NSW Government and advance the leadership role that NSW plays in the radio sector nationally
- We ensure the capabilities and skills of the sector continue to develop and respond to new delivery approaches and technologies
- We identify opportunities to improve efficiency and minimise operational expenses and benchmark, monitor and assess performance to inform our decisions and support continuous improvement

## Our administrative and legislative context

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The Authority was established in 2011 as a result of the recommendations of the *Strategic Review of NSW Government Mobile Radio Services*, undertaken by NSW Department of Premier and Cabinet.

The Authority is a statutory authority constituted by the *Government Telecommunications Act 2018*. Through the 2018/19 financial year we operated within the Finance, Services & Innovation cluster and reported to the Minister for Finance, Services and Property.

On 24 October 2018 the NSW Parliament passed the *Government Telecommunications Act 2018* (Telco Act), repealing and replacing the former *Government Telecommunications Act 1991*. The new Telco Act came into effect on 17 December 2018. It better reflects the Authority's operating environment, functions and practices. The 2018 Telco Act also updates terms and definitions which were outdated in the 1991 Act.

Under the state's emergency management framework, the NSW Telco Authority has responsibilities for coordinating functional area support and resources for emergency operations in all phases of emergency management involving telecommunications. The *State Emergency and Rescue Management Act 1989* provides the legislative framework for the operation of the telecommunications emergency management activities of the NSW Telco Authority.

The *NSW Government Operational Communications Strategy* sets out the operating models, principles and actions required to deliver reform and savings to the NSW Government. It provides the operational context for the Authority to deliver significant reform over the next 10 years, and can be accessed at [www.telco.nsw.gov.au](http://www.telco.nsw.gov.au)

## Our stakeholders

The NSW Telco Authority has a wide range of business partners, including emergency services organisations, essential services and other NSW Government agencies, vendors and radio and telecommunications partners. We are continuously building relationships with relevant agencies in other states and territories to promote cross-jurisdictional sector issues.

Industry is highly supportive of the NSW Government in the delivery of operational communications services and provides us with the opportunity to deliver cost effective and innovative solutions.

In addition to developing these partnerships, the Authority also works closely with a number of Commonwealth agencies, including the Australian Communications and Media Authority (ACMA) and the Department of Communications and the Arts.

## Our clients

Our clients deliver a range of frontline services in public safety, environmental protection and other government services.

Over the past year, the number of radios on the network has increased, as the client services and

stakeholder engagement teams have expanded service delivery with existing agencies and added new clients to the portfolio. In 2018/19 the NSW Telco Authority provided services to 45 clients on the radio network, and from July 2018 to June 2019 the total number of registered radios rose from 49,817 to 52,569.

Current client services activities are focused on supporting existing clients, identifying and recruiting new users to the network, and supporting emergency management activities that rely on availability of the radio network and access to the public safety and emergency services.

## Highlights and Achievements

The 2018/19 financial year marked the NSW Telco Authority's seventh year of operation as a statutory authority within the Department of Finance, Services and Innovation.

### Simplified, efficient service improves customer satisfaction

The NSW Authority manages the NSW Government Radio Network. This public safety network (network) is used by emergency service organisations, essential services and other NSW government entities for essential communications. The network geographically covers approximately 266,000 square kilometres, or about a third of NSW including most highly populated areas.

During 2018/19, availability of the network continued to exceed the 99.95% commitment to all NSW State Government Agencies.

The NSW Authority continues to improve the network to enable improved services, user experience and harden the resilience of the network. These activities include, deploying Mobile Radio Assets to support Emergency Services extending network coverage into critical areas, upgrading and refreshing site systems and capacity. This work also includes continuous improvement to cyber security monitoring systems and further enhancements to network monitoring services giving agencies more information to assist managing network usage especially during periods of high user demand.

### Telecommunications Services Functional Area

The NSW Telco Authority's Telecommunications Services Functional Area (TELCOFAC) is operational 24 hours a day, seven days a week. TELCOFAC plays a critical role in managing operational activities with the public safety network, telecommunications carriers, public safety agencies and other partner agencies during incidents and emergencies. These activities ensure that critical

telecommunication infrastructure is maintained so that members of the public can call triple zero, receive emergency alert messages and emergency responders can communicate in the field. TELCOFAC provides a link between industry and government during times of emergency.

In 2018/2019, the TELCOFAC focused on strategic and operational improvements, and following the national Triple Zero outage in April 2018 the TELCOFAC has had its remit increased to include technological outages of national importance. Currently, the team is in negotiations with the Carriers to ensure consistent operational outcomes and drive an enhanced partnership to deliver better outcomes for public safety agencies and the community.

## **An innovative NSW government is digital, lean and connected**

### Whole of Government Strategic Reforms

#### **NSW Government Operational Communications Strategy**

In 2018/19 the NSW Telco Authority continued to implement the *NSW Government Operational Communications Strategy (OCS)*, approved in September 2015. The OCS sets out a roadmap for improving the diversity, availability and coverage of operational communications in NSW. The OCS also sets out the operating models, principles and actions required to reform the government communications sector in order to improve services, eliminate unnecessary duplication and promote greater industry participation and competition.

The *NSW Government Operational Communications Strategy* can be viewed at [www.telco.nsw.gov.au](http://www.telco.nsw.gov.au).

#### **Coordinated Investment Planning**

In 2018/19, the NSW Telco Authority applied the coordinated investment principles detailed in Treasury and Finance Circular – *NSW Government Radio Communications Strategy*, and the Department of Finance, Services and Innovation Circular – *NSW Government Operational Communications Strategy*.

In accordance with the government's strategy, agencies are to use existing shared Government radio services and facilities, if available. This is the first step to move agencies away from building, owning and operating their own networks, and will facilitate the creation of a more efficient shared network for our stakeholders.

### Key Projects

#### **Critical Communications Enhancement Project**

One of the first initiatives to be delivered under the NSW Government's Operational Communications Strategy, the Critical Communications Enhancement Program (CCEP) is delivering an enhanced radio network to improve emergency and day-to-day operational communications for a wide range of NSW Government agencies. This includes law enforcement, public safety and essential services.

Importantly, the CCEP will increase the level of shared coverage to support network users more easily sharing information and coordinating responses to critical incidents, such as road accidents, floods and fires.

Emergency and day-to-day operational communications will also benefit from network capacity, availability and resilience designed to meet public safety standards for radio communications.

In 2018/19 the CCEP continued to build on prior achievements and created significantly enhanced momentum on the program closing out 1148 major activities compared to 149 major activities completed in the previous and initial 9 months of the North Coast and Greater Metropolitan Area programs. In particular:

- North Coast - a priority region identified in collaboration with public safety agencies, which has confirmed 87 sites to be upgraded to significantly improve shared and interoperable network coverage from north of Port Stephens and into Queensland. Achieved the completion of 45% of all 87 Site Designs and commenced Construction on 18 sites, bringing 2 of these into Operation.
- Greater Metropolitan Area - covering the major metropolitan area of Sydney and significant urban areas like Newcastle and Wollongong, the CCEP is working to enhance the existing network by almost tripling the number of current sites in the region. Achieved significant traction on Design completing 33 of 141 required Site Designs and constructing and operationalising the first site in this region.
- Rest of State - including New England, South Coast, Central, North West, West and South West regions, the CCEP is confirming approximately 400 sites to better support public safety and essential service agencies. Achieved the validated approval for 173 actual site candidates to be progressed.



- iNSW review completed and a 'panel of 8' Construction suppliers established to support the build program moving forwards.
- 10% of sites funded for Construction made Operational – increasing the CCEP footprint and service

The CCEP activities are currently funded to the end of the 2020/21 Financial Year.

## Public Safety Mobile Broadband

NSW is playing a lead role in driving the development of a nationally interoperable PSMB capability, in collaboration with the Commonwealth and Australian states and territories, through representation on the Council of Australian Governments (COAG), PSMB Senior Officials Committee and the PSMB Program Delivery Forum.

The national PSMB Strategic Roadmap was drafted by the states, territories and Commonwealth and agreed at the 12 December 2018 COAG meeting.

With COAG endorsement, NSW is also hosting the PSMB National Program Management Office within the NSW Telco Authority, delivering workstreams from the national PSMB Strategic Roadmap and reporting to the PSMB Senior Officials Committee.

In early 2018, the NSW Telco Authority led a national market engagement exercise with the telecommunications industry, on behalf of the PSMB Senior Officials Committee, which determined the preferred delivery model.

In late 2018, the NSW Telco Authority subsequently released a request for proposal (RFP) to the telecommunications industry to participate in a national proof-of-concept (POC) trial for a hybrid delivery model or innovative alternatives. The trial will be led by the NSW Telco Authority and is planned to commence in late 2019, running for between 6 and 12 months across multiple environments and jurisdictions. The costs of the proof-of-concept are to be shared between state and territory participants and the Commonwealth.

The NSW Telco Authority is also working collaboratively with the other states and territories in negotiations for PSMB spectrum with the Commonwealth. Dedicated PSMB spectrum is essential to ensure all delivery model options are available and would encourage a competitive market for commercial service delivery elements.

## Operate & Maintain (O&M) Program

Through the Critical Communications Enhancement Program (CCEP), the public safety network will expand

to approximately 400 sites across metropolitan and regional NSW over the next few years, and, to approximately 700 sites when complete. An expansion of this size means we need to scale how we deliver, operate and maintain critical communications network services.

NSW Telco Authority's Operate and Maintain (O&M) Transformation Program is a multi-year program which will shape the way we deliver services, with a focus on improving interactions with our clients. A key driver behind the program is scalability and flexibility to meet the growing number of network sites. In addition to the enhancement of the network, the existing contract period for O&M is coming to an end. The Authority has been working closely with representatives from Emergency Services Organisations to identify the requirements of a future service delivery model in a shared network environment.

The Authority issued a Request for Tender (RFT) for a Managed Network Provider scope of services in May 2019 and will conclude the procurement process during the course of FY19-20.

## Commonwealth Mobile Black Spot Program

NSW Government partnered with the Commonwealth Government and mobile network operators to deliver a Mobile Black Spot Program to extend mobile coverage and competition in regional NSW. From 2018 financial year, funding for the program is coming from the Economic Activation Fund, allocated from Restart NSW. Of the \$39.355 million committed by the NSW Government, \$27.152 million was allocated to NSW Telco Authority when the Program got transferred in November 2017.

163 out of 183 sites have been delivered as part of Rounds 1 and 2 of the Program. Approximately 19K premises and 650 KMs of major transport routes have new or unique mobile coverage providing access to 000 services to residents and travelers within NSW remote and regional areas.

The Authority initiated the next round of MBSP called 'NSW Mobile Black Spot Program' which is utilizing the unallocated funding of \$8.7 million from Rounds 1 and 2. Under this round 21 new sites have been awarded between Telstra and Optus. New terms and conditions have been introduced in the funding agreements which will provide further benefits to State and better co-location opportunities with other Programs. This Round is expected to commence by end of August 2019.

## Regional Digital Connectivity (RDC) Program

The State Infrastructure Strategy 2018 (SIS) sets a benchmark for state-wide internet connectivity of 25 megabits per second (mbps) download speeds by 2020, and 50 mbps by 2025.

The Regional Digital Connectivity program aims to upgrade internet services where required to meet SIS benchmarks. The Deputy Premier has endorsed proof of concept trials. The PoC's will commence end of Q1 FY19/20 and will be completed by the end of Q2 FY19/20.

## **NSW is a competitive, fair and secure marketplace**

### **Procurement**

NSW Telco Authority follows the NSW Procurement Policy Framework which ensures that government procurement activities achieve best value for money in supporting the delivery of government services. This is realised by enabling the engagement of a competitive marketplace through fair, transparent and streamlined processes. Specifically, the ITS 2573 Operational Telecommunications Equipment, Infrastructure and Services Prequalification Scheme has been established, which aims to simplify contracts and tenders and improve opportunities for small to medium enterprises to do business with the NSW Government.

### **Participation and Response to Inquiries**

The NSW Telco Authority is the lead organisation focused on government operational radiocommunications in NSW and is a key driver of sector reform. To perform this role, the Authority contributes in a number of national forums on radiofrequency and communications issues. The Authority also monitors and provides input to significant inquiries and consultation reviews throughout the year. In 2018/19, the Authority responded to:

#### **Australian Communications and Media Authority (ACMA) Proposed updates to class licensing arrangements supporting 5G and other technology innovations – IFC: 45/2018**

In December 2018, the ACMA released its Consultation paper on Proposed updates to class licensing arrangements supporting 5G and other technology innovations. Proposed amendments included expansion of the Radiocommunications (Low Interference Potential Devices) Class Licence 2015 to permit the operation of underground transmitters in the Harmonised Government Spectrum (HGS) frequency bands. In its February 2019 submission, the Authority raised concerns that, despite the reported low probability, such use could risk interference with public safety operational communications in underground environments including rail and road tunnels and sub-surface building structures.

#### **Independent Pricing and Regulatory Tribunal (IPART) Review of rental arrangements for communication towers on Crown land – Issues paper**

In February 2019, IPART released an Issues paper for its *Review of rental arrangements for communication towers on Crown land* managed by the Department of Industry – Division of Lands and Water, the Office of Environment and Heritage and Forestry Corporation NSW. The review's terms of reference require IPART to advise on a fee schedule that reflects fair, market-based commercial returns, while considering a range of related factors. The issues paper included questions seeking information to inform and support the review's progress. In April 2019, the Authority made a submission identifying the key issues affecting its operations on Crown land. The review is continuing into 2019/20 with any resulting changes to be implemented in July 2020.

#### **Australian Communications and Media Authority Five-year spectrum outlook 2019-23 – The ACMA's spectrum management work program - Consultation draft**

The ACMA consults annually with industry about spectrum management issues and priorities in order to understand technological changes and market demand to inform its spectrum management work program. The ACMA's spectrum management workstream incorporates multi-year activities which are prioritised through the spectrum planning stages of monitoring, initial investigation, preliminary replanning and re-planning. The ACMA released its *five-year spectrum outlook* (FYSO) consultation draft in April 2019. In May 2019, the NSW Telco Authority submitted feedback on areas including the national Public Safety Mobile Broadband interests in the 850 MHz expansion band, the proposed dynamic spectrum sharing arrangements in the public protection and disaster recovery (PPDR) segments of the 4.9 MHz band, the requirement for an alternative to 1.5 GHz for backhaul links, the requirement for an alternative to 28 GHz for point-to-point licences currently used by some local councils. The Authority also requested that the ACMA considers in the scope of its prohibition framework review that radionavigation-satellite service 'jammers', used for location services for emergency services vehicles in tunnels, be classed as exempted equipment.

#### **Australian Communications and Media Authority Reconfiguring the 900 MHz band – Options paper**

The ACMA released its options paper in April 2019. The paper discusses alternatives for the reallocation of the 850 MHz expansion band, potentially linking it to reallocation processes for the 900 MHz band. In its submission of May 2019, the NSW Telco Authority stated that any decision concerning the 850 MHz expansion band must consider the status of consultation between the states, territories and Commonwealth over the allocation of 5 + 5 MHz in the 850 MHz expansion band which had been set aside by the

Commonwealth for Public Safety Mobile Broadband (PSMB). While a specific band lot for PSMB has not been agreed, the submission noted that the planned PSMB proof-of-concept trial would contribute to informing stakeholders of the viable and/or preferred band lot or lots. As the options paper sought information about the relative technical efficiency of the remaining blocks for carrier services, the submission noted that PSMB interests must similarly be considered on factors including maturity of current and future device ecosystems and technical capabilities based on global standards.

## We are a great place to work

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The NSW Telco Authority measures performance as part of the NSW Public Sector's People Matter Employee Survey (PMES). In addition to the PMES, the NSW Telco Authority regularly evaluates staff satisfaction through the Teamgage application to make improvements based on feedback received.

In 2018/19 the NSW Telco Authority had four women in senior executive roles, out of seven in total, and women were well represented in senior management roles across the NSW Telco Authority.

The Telco Authority is also a strong supporter of the Public Service Commission's (PSC) NSW Government Graduate Program and hosted 10 graduates across 2018/19. The Graduate Program is seen as a key method of attracting talent to the NSW Government, and of encouraging and supporting of individuals in at the beginning of their careers in science, technology, engineering and math, and other fields.

## 2018/19 Corporate Plan

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The Corporate Plan presented the Telco Authority's purpose, objectives and goals, as well as the values and operating principles that the NSW Telco Authority operates under. The Corporate Plan was developed in collaboration with key stakeholders, client groups, staff and the Telco Authority Board.

The Corporate Plan aligns with the NSW Government's State Priorities including delivering infrastructure; improving government services and ensuring safer communities. The Corporate Plan is updated each year, setting our strategic direction and identifying how we will lead a unified approach to government operational telecommunications in NSW.

## Governance

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The NSW Telco Authority is overseen by a Board of part-time independent and government members who, with the Managing Director and executive

management, are accountable for the operations of the NSW Telco Authority.

The NSW Telco Authority recognises the importance of agency collaboration, and the different skills and experience that contribute to the development of policy and strategy. As a result, a tiered framework is in place to facilitate and support engagement. This model is informed by the governance framework development experiences in the NSW Government's approach to Procurement and Information and Communications Technology.

The following advisory and governance groups have been established as collaborative forums for engagement with our business partners:

- Critical Communications Enhancement Program Steering Committee
- Investment and Strategy Forum
- Technology Planning and Review Group

## The Board

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The Telco Authority Board is established under the *NSW Government Telecommunications Act 2018*. The Board has adopted a Charter and a Code of Conduct to guide its operations. The Board provides policy and strategic direction for the NSW Telco Authority. The Minister administers the Act and nominates the members after consultation with various sectors of the NSW Government.

### Members 2018-19:

In accordance with the Act and to ensure a broad range of skills and experience, the Board is comprised of members as follows (as at 30 June 2019).

Board Chair **Beth Jackson** (Bachelor of Arts, Diploma of Law, MAICD) was appointed Chair on 25 October 2017. Beth has held senior roles in federal and state government, in law and more recently in telecommunications and technology in Australia and internationally. She was Director of Business and Government Marketing for Telstra, and Regional Vice President for SITA, then the world's largest data communications network. She has also contributed to not for profit community organisations at board level, and undertook high level corporate advisory work. *Nominated by the Premier.*

Board member **Kaaren Koomen AM** (Bachelor of Arts/Law, Master of Law, GAICD), was appointed Deputy Chairperson on 31 May 2017. She is a highly experienced executive with over 25 years' experience in leadership roles in the private and public sector, with a focus on communications and technology. She is currently an Executive Director with IBM Australia and New Zealand, and a member of the Global IBM Government Programs Leadership Team. She has extensive board experience

on over 10 public and private boards and committees, and currently serves on four, including Chair of the Museum of Australian Democracy at Eureka and Vice President of the Australian Services Roundtable. *Nominated by the Minister for Finance, Services and Property.*

Board member, **Shane Fitzsimmons** (qualifications in Management and Leadership from the Australian Institute of Police Management and NSW TAFE) is Commissioner of the NSW Rural Fire Service. Commissioner Fitzsimmons has a wealth of strategic and operational fire knowledge and was awarded the Australian Fire Service Medal in 2001. *Nominated by the Finance, Services and Property in concert with the Minister for Emergency Services.*

Board Member, **Kylie De Courteney** (BCom) is Managing Director of the NSW Telco Authority. Kylie is an experienced senior executive with expertise in complex program delivery and organisational transformation. Kylie is passionate about the digital transformation of government and customer centric service design. Kylie has worked in strategy, mergers and acquisitions, program delivery, customer experience and operational performance improvement in the private and professional services sectors, and federal and state government. *Ex Officio member.*

Board member **Clare Gardiner-Barnes** (Diploma Teaching (Primary), Graduate Diploma Arts, Master of Social Welfare Administration and Planning), GAICD, is currently Deputy Secretary, Freight, Strategy and Planning at Transport for NSW, with responsibility for ensuring the planning, strategy, policy and legislation for all modes of transport in NSW to support a safe, efficient and integrated transport system. Prior to this, Clare was Chief Executive at the Department of Transport in the Northern Territory. She has held numerous senior positions in government including Chief Executive at the Department of Children and Families in the Northern Territory and in policy at the Department of Education and Training in Queensland. *Nominated by the Minister for Transport and Infrastructure.*

Board member **Philip Gardner** (Bachelor of Laws/Economics, AICD) has been the NSW Treasury's Executive Director, Commercial Transactions, since 2015. Prior to this, he was an expert adviser to Sunsuper and a senior executive with Goldman Sachs Asset Management in Australia, Singapore and the United Kingdom from 1997 to 2014, and a senior executive with Macquarie Bank from 1989 to 1997. *Nominated by the NSW Treasurer.*

Board member **Greg Wells** (Bachelor of Electrical Engineering (Hons)) is the NSW Government Chief Information and Digital Officer (GCIDO) and Deputy Secretary of ICT & Digital Government within the Department of Finance, Services and Innovation. As

GCIDO, Greg advocates for technology that enables the NSW Government's objectives and fosters sector-wide collaboration on a digital agenda to continue to transform the state into a global technology leader. Greg's extensive career in government technology has included leading the delivery of a multi-agency platform to help protect children at risk with the NSW Department of Family and Community Services, and running NSW Health's ICT strategy, policy governance and operations as the Chief Information Officer. *Nominated by the Minister for Finance, Services and Property.*

**Geoff Kleeman** – member since October 2017, Geoff commenced his career at Deloitte and subsequently completed twenty plus years as a senior executive in a listed company environment, as Chief Financial Officer for Crown Limited, Publishing and Broadcasting Ltd, Woolworths Ltd and Pioneer International Ltd. Geoff is currently a Non-Executive Director of Investa Listed Funds Management Limited the RE for Investa Office Fund, and of Domain Ltd. He was previously Non-Executive Director, and Chair of the Audit Committee, for Asciano Limited and Broadspectrum Ltd. Geoff is a member of the Institute of Chartered Accountants and an Independent Non-Executive Director of the Domain Group Board.

Board Member since October 2017 - **Ric Oldham's** career spans almost four decades, with extensive experience in both the public and private sectors across telecommunications. This includes the design, construction and operation of public infrastructure as well as in the transport, utilities and resources industries. He previously served as a Chairman of Imatis and Bass Valley Landcare, and was a member of the Leighton Contractor's advisory board. Ric has held senior executive and direct project management roles within the private and public sector in the delivery of complex multidiscipline telecommunications and civil infrastructure projects within Asia Pac and North America, with wide-ranging experience in strategic planning and leadership, building values based high performing client focused teams with an uncompromising culture of care, integrity and performance.



## Board meetings

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The Board was appointed in 2012 and held its inaugural meeting in July 2012. There were six meetings held during 2018/19.

Member	Period	Meetings	
		Attended	Eligible
Beth Jackson	Full year	6	6
Kaaren Koomen	Full year	6	6
Shane Fitzsimmons	Full year	4	6
Clare Gardiner-Barnes	Full year	5	6
Philip Gardner	Part year	5	5
Greg Wells	Part year	3	6
Geoff Kleemann	Full year	6	6
Ric Oldham	Full year	5	6
Damon Rees	Part year	0	2
Kylie De Courteney	Part year	0	1
Kate Foy	Part year	5	5

## Internal audit and risk management

### Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for the NSW Government Telecommunications Authority

I, Kylie De Courteney, Managing Director, am of the opinion that the NSW Government Telecommunications Authority has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

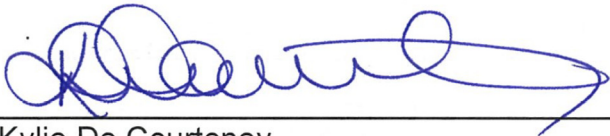
## **Membership**

The chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021;
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020;
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2021.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement which includes the following departments/statutory bodies:

- Department of Finance, Services and Innovation
- Rental Bond Board
- Building Professionals Board
- NSW Government Telecommunications Authority



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Kylie De Courteney  
Managing Director  
NSW Government Telecommunications Authority

Date: 20/8/19

Agency Contact Officer  
Geoff Campbell  
Chief Audit and Risk Officer, 9372 8040  
[geoff.campbell@customerservice.nsw.gov.au](mailto:geoff.campbell@customerservice.nsw.gov.au)

## **Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for the New South Wales Government Telco Authority**

I, Kylie De Courteney, am of the opinion that the New South Wales Government Telecommunications Authority (Authority) have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of the Authority have been assessed and controls are in place to mitigate identified risks.

I am of the opinion that where necessary in accordance with the NSW Cyber Security Policy, the Authority is transitioning towards adopting relevant practices aligned with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems – Requirements.

Governance is in place to manage the cyber-security maturity and initiatives of the Authority. There exists a current cyber incident response plan for the Authority which has not been tested during the current reporting period.

The Authority has approved ISMS development project and is currently in progress stage. An independent internal audit is scoped under the project development phase and external party is engaged for conducting internal audit.



**Kylie De Courteney**  
Managing Director  
NSW Telco Authority



## INDEPENDENT AUDITOR'S REPORT

New South Wales Government Telecommunications Authority

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of New South Wales Government Telecommunications Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information,

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## **Other Information**

The Authority's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Managing Director of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Managing Director.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Managing Director's Responsibilities for the Financial Statements**

The Managing Director is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Managing Director determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Director is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'SML'.

Min Lee  
A/Director, Financial Audit Services  
Delegate of the Auditor-General for New South Wales

27 September 2019  
SYDNEY

**NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**  
**STATEMENT BY THE MANAGING DIRECTOR**

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Under Section 41C of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the NSW Government Telecommunications Authority as at 30 June 2019 and its financial performance for the year then ended.
- (b) The accompanying financial statements and notes thereto have been prepared in accordance with the applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions mandated by the Treasurer.

Further, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Authority



**Kylie De Courteney**  
**Managing Director**  
**NSW Government Telecommunications Authority**

**Dated at Sydney 27th September 2019**



<b>NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY</b>				
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>FOR THE YEAR ENDED 30 JUNE 2019</b>				
	<b>Notes</b>	<b>Actual 2019 \$'000</b>	<b>Budget 2019 \$'000</b>	<b>Actual 2018 \$'000</b>
<b>Continuing Operations</b>				
<b>Expenses excluding losses</b>				
Operating Expenses				
Personnel services expenses	2(a)	14,231	11,781	10,885
Other operating expenses	2(b)	40,092	43,284	37,825
Depreciation and amortisation	2(c)	13,283	12,894	8,282
Grants and subsidies	2(d)	14,614	20,293	10,498
Finance costs	2(e)	106	-	92
<b>Total Expenses excluding losses</b>		<b>82,326</b>	<b>88,252</b>	<b>67,582</b>
<b>Revenue</b>				
Sale of goods and services	3(a)	63,278	56,574	52,350
Grants and other contributions	3(b)	117,980	228,965	57,141
Other income	3(c)	965	826	1,294
<b>Total Revenue</b>		<b>182,223</b>	<b>286,365</b>	<b>110,785</b>
Gain/(loss) on disposal	4	(163)	-	(26)
		<b>(163)</b>	-	<b>(26)</b>
<b>NET RESULT</b>		<b>99,734</b>	<b>198,113</b>	<b>43,177</b>
<b>Total other comprehensive income</b>		-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>99,734</b>	<b>198,113</b>	<b>43,177</b>

*The accompanying notes form part of these financial statements.*

## NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	52,058	27,290	50,317
Receivables	6	13,093	770	6,702
Inventories	7	907	580	806
Other Current assets	8	1,278	1,209	1,071
<b>Total Current Assets</b>		<b>67,336</b>	<b>29,849</b>	<b>58,896</b>
<b>Non-Current Assets</b>				
<i>Property, plant and equipment</i>				
Land	9	320	-	320
Plant and Equipment	9	192,998	317,328	108,239
Leasehold Improvements	9	6,501	4,000	3,618
<i>Total property, plant and equipment</i>		<i>199,819</i>	<i>321,328</i>	<i>112,177</i>
Intangible assets	10	20,050	595	19,965
<b>Total Non-Current Assets</b>		<b>219,869</b>	<b>321,923</b>	<b>132,142</b>
<b>Total Assets</b>		<b>287,205</b>	<b>351,772</b>	<b>191,038</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	40,625	12,456	44,968
Provisions	12	-	-	1,766
<b>Total Current Liabilities</b>		<b>40,625</b>	<b>12,456</b>	<b>46,734</b>
<b>Non-Current Liabilities</b>				
Provisions	12	6,371	3,422	4,550
<b>Total Non-Current Liabilities</b>		<b>6,371</b>	<b>3,422</b>	<b>4,550</b>
<b>Total Liabilities</b>		<b>46,996</b>	<b>15,878</b>	<b>51,284</b>
<b>Net Assets / (Liabilities)</b>		<b>240,209</b>	<b>335,894</b>	<b>139,754</b>
<b>EQUITY</b>				
Accumulated funds		240,209	335,894	139,754
<b>Total Equity</b>		<b>240,209</b>	<b>335,894</b>	<b>139,754</b>

The accompanying notes form part of these financial statements.

**NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Accumulated Funds \$'000	Total \$'000
<b>Balance at 1 July 2018</b>		<b>139,754</b>	<b>139,754</b>
<b>Net Result for the year</b>		99,734	99,734
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		99,734	99,734
<b>Transactions with owners in their capacity as owners</b>			
Increase in net assets from equity transfers	13	721	721
<b>Balance at 30 June 2019</b>		<b>240,209</b>	<b>240,209</b>
<b>Balance at 1 July 2017</b>		<b>96,257</b>	<b>96,257</b>
<b>Net Result for the year</b>		43,177	43,177
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		43,177	43,177
<b>Transactions with owners in their capacity as owners</b>			
Increase in net assets from equity transfers	13	320	320
<b>Balance at 30 June 2018</b>		<b>139,754</b>	<b>139,754</b>

*The accompanying notes form part of these financial statements.*

**NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Payments to suppliers and employees		(82,899)	(75,477)	(43,173)
Grants and subsidies		(14,614)	-	(10,498)
<b>Total Payments</b>		<b>(97,513)</b>	<b>(75,477)</b>	<b>(53,671)</b>
<b>Receipts</b>				
Receipts from customers and rental		71,498	56,693	63,244
Interest received		965	826	797
Grants and other contributions		117,980	228,965	57,141
Proceeds from insurance		-	-	497
<b>Total Receipts</b>		<b>190,443</b>	<b>286,484</b>	<b>121,679</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	15	<b>92,930</b>	<b>211,007</b>	<b>68,008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of plant and equipment		(75,172)	(212,037)	(46,612)
Purchases of intangible assets		(16,017)	-	(6,914)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(91,189)</b>	<b>(212,037)</b>	<b>(53,526)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>1,741</b>	<b>(1,030)</b>	<b>14,482</b>
Opening cash and cash equivalents		50,317	28,320	35,835
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<b>52,058</b>	<b>27,290</b>	<b>50,317</b>

*The accompanying notes form part of these financial statements.*

**NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The NSW Government Telecommunications Authority (the Authority) is a NSW Government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Managing Director on 27 September 2019.

The NSW Government Telecommunications Authority as a reporting entity comprises of the following major activities:

i. Government Radio Network

The NSW Government Radio Network (GRN) provides a common platform for government agencies and authorities who use mobile radio communications, including as a 'mission-critical' tool for public safety and emergency services organisations. The GRN is owned by the NSW Government and managed on its behalf by a private sector network manager with oversight and assurance provided by the Authority. User charges are based on the Government approved full cost recovery IPART funding methodology.

ii. Mobile Data Radio Network

The Mobile Data Radio Network (MDRN) provides a shared platform for low speed mobile data communications and is used primarily for computer aided dispatch of field resources. The Network is used by the NSW Ambulance Service. The delivery of dispatch information via data is essential to achieving a rapid patient response. The Authority managed the decommissioning of this network, resulting in the network being switched off on 14<sup>th</sup> February 2019.

iii. Emergency Management

The Telecommunications Services Functional Area forms part of the NSW Government's emergency management arrangements, and acts to ensure the integrity of telecommunications services is maintained during critical incidents and natural disasters. The Authority provides coordination of the Functional Area through the statutory role of the Functional Area Coordinator. This role provides the link between telecommunications carriers and emergency services agencies ensuring the protection of telecommunications infrastructure relied upon by both government workers and the general public for communications.

**(b) Basis of Preparation**

The Authority's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (PF&A) and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management have made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Authority's presentation and functional currency.

**(c) Statement of Compliance**

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

**(d) Accounting for the Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Authority as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(e) Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period, 30 June 2018, for all amounts reported in the financial statements.

**(f) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards**

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2018-19:

- *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- *AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*
- *AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4*

The implementation of the above standards did not have a material impact on the Authority's financial statements.

- *AASB 9 Financial Instruments*

The Authority has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The Authority applied AASB 9 retrospectively but has not restated the comparative information which is reported under AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity.

The effect of adopting AASB 9 on the statement of financial position (increase/(decrease)) as at 1 July 2018 is set out below:

	Notes	1 <sup>st</sup> July 2018
<b>Assets</b>		
Receivables	6	-*
<b>Liabilities</b>		
Payables	11	-
<b>Total adjustment on equity</b>		
Accumulated funds		-

\*the impact of receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1<sup>st</sup> July 2018.

- a) Classification and measurement of financial instruments  
 On 1 July 2018 (the date of initial application of AASB 9), the entity's management has assessed which business models apply to the financial assets held by the entity and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

	Notes	Loans and receivables \$'000
Closing balance 30 June 2018 – AASB 139	6	3,899
Allowance for expected credit losses method of impairment*	6	-
<b>Opening balance 1 July 2018 – AASB 9</b>	<b>6</b>	<b>3,899</b>

\* the impact of Receivables were calculated only at 30 June 2019 as it was not practicable to calculate it at 1 July 2018.

The impact of transition to AASB 9 on accumulated funds is, as follows:

	Notes	Accumulated Funds \$'000	Total Change in Equity \$'000
Closing balance 30 June 2018 – AASB 139		139,754	139,754
Recognition of AASB 9 expected credit losses	6	-	-
<b>Total impact</b>		-	-
<b>Opening balance 1 July 2018 – AASB 9</b>		<b>139,754</b>	<b>139,754</b>

The classification and measurement requirements of AASB 9 did not have a significant impact to the entity. The entity continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the entity's financial assets:

- Trade receivables and other financial assets classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- The entity has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the entity's financial liabilities.

In summary, upon the adoption of AASB 9, the entity had the following required or elected reclassifications as at 1 July 2018:

AASB 139 Measurement category	Measurement Category		Carrying Amount		
	AASB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Trade receivables	Loans & Receivable	Amortised Cost	3,899	3,899	-

b) Impairment

The adoption of AASB 9 has changed the Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the entity to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to the Authority on adopting the new impairment model.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Accounting Standards/Interpretations have been issued but are not yet effective:

- AASB 17 Insurance Contracts
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Standards – Uncertainty over Income Tax Treatments
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit Entities

These Standards will not have a material impact on the Authority's financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits
- AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019, as the Authority is a not-for-profit. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Authority expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.
- AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary



appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Authority will need to determine whether a transaction is consideration received below fair value principally to enable the Authority to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).

- The standards will result in the identification of separate performance obligations that will not change the timing of recognition for some revenues, including revenues relating to sales of goods and services and specific purpose grants and subsidies.
- Under AASB 1058, the Authority will recognise as liabilities, obligations for funding received where there is an obligation to construct recognisable non-financial assets controlled by the Authority. AASB 1058 does not impact the Authority, as all capital funding is spent in the year it is received.
- The Authority will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.
- The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Authority as not being significant.

- AASB 16 Leases

- AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.
- For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance. Existing finance leases are not expected to be significantly impacted from the transition to AASB 16.
- The Authority will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. The Authority will also adopt the practical expedient whereby the fair value of the right-of use asset will be the same as the lease liability at 1 July 2019.
- Based on the impact assessments the Authority has undertaken on currently available information, the Authority estimates additional lease liabilities of \$3.62 million and right-of-use assets of \$3.62 million will be recognised as at 1 July 2019 for leases in which the Authority is a lessee. Only a small amount of operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income is expected to be \$358,000.

The impact represents management's current best estimate and is still under review. It is possible that the amount recognised at 1 July 2019 in the Statement of Financial Position will differ from this estimate as a result of further review of underlying lease data, if new leases are entered into or terminated or from re-assessment of any key management assumptions, such as the reasonable possibility that lease extension options will or will not be renewed.

## 2. EXPENSES EXCLUDING LOSSES

### (a) Personnel Services Expenses

	2019	2018
	\$'000	\$'000
Salaries and wages (including annual leave)(*)	5,534	4,433
Superannuation	394	333
Long service leave	29	47
Workers' compensation insurance	15	2
Payroll tax and fringe benefits tax	324	266
Voluntary redundancy	153	169
Contractors(**)	7,782	5,635
	<b>14,231</b>	<b>10,885</b>

(\*) Personnel services expenses of \$7,296,579 (2018: \$7,692,917) have been capitalised in various capital works and therefore are excluded from the above.

(\*\*) In prior year, Contractors was presented in Note 2(b) Other operating expenses. In order to ensure the financial statements provide an accurate representation of the Authority's operations the prior year balances were restated, in accordance with AASB 101.41.

### (b) Other Operating Expenses include the following:

	2019	2018
	\$'000	\$'000
Auditor's remuneration		
- audit of the financial statements	70	52
Network operating expenses	23,087	24,084
Rent	7,128	5,560
Maintenance	479	851
Legal Fees	795	747
Consultants	1,275	319
Power	452	423
Impairment of Debtors	-	(38)
Corporate costs	2,676	2,531
Minor Equipment	435	1
Insurance	299	12
Software expenses	1,055	1,336
Other	2,341	1,947
	<b>40,092</b>	<b>37,825</b>

### Recognition and Measurement

#### **Operating leases**

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

#### **Maintenance expense**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

#### **Insurance**

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

(c) Depreciation and Amortisation Expense

	2019	2018
	\$'000	\$'000
Depreciation		
- Plant and equipment	9,855	7,436
- Leasehold improvements	997	26
Amortisation		
- Intangible assets	2,431	820
Total depreciation and amortisation	<u>13,283</u>	<u>8,282</u>

Refer to Note 9 and 10 for recognition and measurement policies on depreciation and amortisation.

(d) Grants and Subsidies

	2019	2018
	\$'000	\$'000
Mobile Black Spot Program	4,054	6,877
Enterprise Telecommunications Optimisation Program	5,698	3,621
Critical Communications Enhancement Program	4,862	-
	<u>14,614</u>	<u>10,498</u>

Mobile Black Spot Program

The NSW Government participated in the Australian Government's Mobile Black Spots Program and has committed to co-contribute to 139 new or improved mobile base stations in NSW. Telco was identified as being in the best position to lead the rollout of the Mobile Black Spot Program. This expenditure is funded by the Restart Grant program

Enterprise Telecommunications Optimisation Program

The Enterprise Telecommunications Optimisation Program has been tasked with driving the NSW Government Telecommunications Strategy for the Whole of Government. Telco is funding this Program in recognition of the potential future savings this Strategy could create for the Authority

Critical Communications Enhancement Program

Funding for the Critical Communications Enhancement Program included a partial grant for procurement of terminals (radio hardware) for frontline users and vehicles. The Program Steering Committee approved the allocation of the grant monies. The terminals were purchased under a Whole-of-Government Scheme and included negotiation for volume discounts.

(e) Finance Costs

	2019	2018
	\$'000	\$'000
Unwind discount on Leasehold Makegood Provision	106	92

Recognition and Measurement

Finance costs consist of the periodic unwinding of the discount rate embedded in the Makegood Provision. Finance costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for profit NSW General Government Sector Entities.

### 3. REVENUE

Recognition and Measurement

Income is measured at the fair value of the consideration or contribution received or receivable. Commentary regarding the accounting policies for the recognition of income are discussed below.

(a) Sale of Goods and Services

	2019	2018
	\$'000	\$'000
Radio Network Services	63,278	52,350
	<u>63,278</u>	<u>52,350</u>

**Recognition and Measurement****Rendering of Services**

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

**(b) Grants and Other Contributions**

	2019	2018
	\$'000	\$'000
Grants received from the Federal & Other State Governments	-	180
Mobile Black Spot Program – Restart Funds	4,054	6,877
Contribution received (external third party)	54	-
Grants received from DFSI - Recurrent	10,313	2,584
Grants received from DFSI - Capital	103,559	47,500
	<b>117,980</b>	<b>57,141</b>

**Recognition and Measurement**

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The Authority is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

**(c) Other Income**

	2019	2018
	\$'000	\$'000
Interest Revenue	965	797
Insurance Proceeds	-	497
	<b>965</b>	<b>1,294</b>

**Recognition and Measurement****Interest Revenue**

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

**4. OTHER GAINS/(LOSSES)**

	2019	2018
	\$'000	\$'000
Loss on disposal of plant & equipment	(163)	(26)
	<b>(163)</b>	<b>(26)</b>

**5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS**

	2019	2018
	\$'000	\$'000
Cash at bank	52,058	50,317
	<b>52,058</b>	<b>50,317</b>

The deposits are bearing a floating interest rate average of 1.89% for the year ended 30 June 2019 (2018 – 1.85%). These funds are at call.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year as shown to the Statement of Cash Flows as follows:

	2019 \$'000	2018 \$'000
Cash and cash equivalents (per Statement of Financial Position)	52,058	50,317
Closing cash and cash equivalents (per Statement of Cash Flows)	52,058	50,317

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

#### 6. CURRENT ASSETS - RECEIVABLES

	2019 \$'000	2018 \$'000
Sales of goods and services	8,871	4,405
Less allowance for expected credit losses*	-	-
Less allowance for impairment **	-	(109)
Prepayments	4,222	2,406
	<b>13,093</b>	<b>6,702</b>

* Movement in the allowance for expected credit losses	2019 \$'000
Balance at 30 June 2018 under AASB 139	109
Amounts restated through opening accumulated funds	
Balance at 1 July 2018 under AASB 9	109
Amounts written off during the year	(109)
Amounts recovered during the years	-
Increase/(decrease) in allowance recognised in net results	-
Balance at 30 June 2019	-

** Movement in the allowance for impairment	2018 \$'000
Balance at 1 July 2017	109
Amounts written off during the year	-
Amounts recovered during the year	-
Increase/(decrease) in allowance recognised in net results	-
Balance at 30 June 2018	109

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

#### Recognition and Measurement

##### Receivables

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

##### Subsequent measurement under AASB 9 (from 1 July 2018)

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

##### Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

**Impairment under AASB 9 (from 1 July 2018)**

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the entity applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

**Impairment under AASB 139 (for comparative period ended 30 June 2018)**

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Authority first assesses whether impairment exists individually for receivables that are individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

**7. CURRENT - INVENTORIES**

	2019	2018
	\$'000	\$'000
Spare Parts (at cost)	907	806
	<b>907</b>	<b>806</b>

**Recognition and Measurement**

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Authority would incur to acquire the asset as at the end of the reporting period.

**8. CURRENT ASSETS - OTHER**

	2019	2018
	\$'000	\$'000
Net GST recoverable	1,278	1,071
	<b>1,278</b>	<b>1,071</b>

9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
<b>Fair value</b>						
<b>At 1 July 2018</b>						
Gross carrying amount	320	105,774	14,548	73,498	4,798	198,938
Accumulated depreciation and impairment	-	(71,033)	(14,548)	-	(1,180)	(86,761)
<b>Net carrying amount</b>	<b>320</b>	<b>34,741</b>	<b>-</b>	<b>73,498</b>	<b>3,618</b>	<b>112,177</b>
<b>30 June 2019</b>						
Gross carrying amount	320	137,423	-	136,380	8,379	282,502
Accumulated depreciation and impairment	-	(80,805)	-	-	(1,878)	(82,683)
<b>Net carrying amount</b>	<b>320</b>	<b>56,618</b>	<b>-</b>	<b>136,380</b>	<b>6,501</b>	<b>199,819</b>

**Reconciliation**

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current reporting period is set out below:

30 June 2019	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
Net carrying amount at beginning of year	320	34,741	-	73,498	3,618	112,177
Additions	-	-	-	103,599	1,742	105,341
Transfers from/(to) Govt Agencies	-	721	-	(4,862)	-	(4,141)
Disposals	-	-	-	-	(190)	(190)
Reclassification	-	31,011	-	(35,855)	2,328	(2,516)
Depreciation expense	-	(9,855)	-	-	(997)	(10,852)
<b>Net carrying amount at end of year</b>	<b>320</b>	<b>56,618</b>	<b>-</b>	<b>136,380</b>	<b>6,501</b>	<b>199,819</b>
<b>Fair value</b>						
<b>At 1 July 2017</b>						
Gross carrying amount	-	81,045	14,496	57,942	3,370	156,853
Accumulated depreciation and impairment	-	(63,652)	(14,493)	-	(1,222)	(79,367)
<b>Net carrying amount</b>	<b>-</b>	<b>17,393</b>	<b>3</b>	<b>57,942</b>	<b>2,148</b>	<b>77,486</b>
<b>At 30 June 2018</b>						
Gross carrying amount	320	105,774	14,548	73,498	4,798	198,938
Accumulated depreciation and impairment	-	(71,033)	(14,548)	-	(1,180)	(86,761)
<b>Net carrying amount</b>	<b>320</b>	<b>34,741</b>	<b>-</b>	<b>73,498</b>	<b>3,618</b>	<b>112,177</b>

30 June 2018

	Land \$'000	Plant and Equipment (GRN) \$'000	Plant and Equipment (MDRN) \$'000	Assets Under Construction (GRN) \$'000	Leasehold Improvements (GRN/MDRN) \$'000	Total \$'000
Net carrying amount at beginning of year	-	17,393	3	57,942	2,148	77,486
Additions	-	2,291	55	43,261	1,675	47,282
Transfers from/(to) Govt Agencies	320	-	-	-	-	320
Disposals	-	(432)	(3)	-	(179)	(614)
Reclassification	-	22,870	-	(27,705)	-	(4,835)
Depreciation expense	-	(7,381)	(55)	-	(26)	(7,462)
<b>Net carrying amount at end of year</b>	<b>320</b>	<b>34,741</b>	<b>-</b>	<b>73,498</b>	<b>3,618</b>	<b>112,177</b>

### Recognition and Measurement

#### Acquisitions of Plant and Equipment

Plant and equipment are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer- Note 13).

#### Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

#### Major Inspection Costs

When a major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

#### Restoration Costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

#### Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

#### Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

Land is not a depreciable asset. The decision not to recognise depreciation for these assets is reviewed annually.



The depreciation rates used for 2018/19 for each class of assets are:

<i>Plant and Equipment</i>	
Huts and Towers	2.5% to 5.0%
Network Equipment	10.0%
Leasehold Improvements	Shorter of estimated useful life of improvements and term of lease

**Finance leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards whether the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Property, plant and equipment acquired under finance leases are depreciated over the asset’s useful life. However, if there is no reasonable certainty that the lessee entity will obtain ownership at the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

**Revaluation of Property, Plant and Equipment**

Physical non-current assets are valued in accordance with the “Valuation of Physical Non-Current Assets at Fair Value” Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Non-specialised assets with short useful lives, like plant and equipment, are measured at depreciated historical cost as an approximation of fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material

**Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset’s recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in the net result, a reversal of that impairment loss is also recognised in net result.

## 10. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Cost (gross carrying amount)	7,974	1,442	13,502	22,918
Accumulated amortisation and impairment	(1,511)	(1,442)	-	(2,953)
<b>Net carrying amount 30 June</b>	<b>6,463</b>	<b>-</b>	<b>13,502</b>	<b>19,965</b>
<b>As at 30 June 2019</b>				
Cost (gross carrying amount)	10,490	6,565	8,379	25,434
Accumulated amortisation and impairment	(3,660)	(1,724)	-	(5,384)
<b>Net carrying amount 30 June</b>	<b>6,830</b>	<b>4,841</b>	<b>8,379</b>	<b>20,050</b>

### Reconciliation

A reconciliation of the cost of each class of intangible assets at the beginning and end of the current and previous reporting period is set out below:

Year Ended 30 June 2019	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
<b>Net carrying amount at beginning of year</b>	<b>6,463</b>	<b>-</b>	<b>13,502</b>	<b>19,965</b>
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification	2,516	5,123	(5,123)	2,516
Amortisation	(2,149)	(282)	-	(2,431)
<b>Net carrying amount at end of year</b>	<b>6,830</b>	<b>4,841</b>	<b>8,379</b>	<b>20,050</b>

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
<b>As at 1 July 2017</b>				
Cost (gross carrying amount)	2,880	-	-	2,880
Accumulated amortisation and impairment	(2,134)	-	-	(2,134)
<b>Net carrying amount 30 June</b>	<b>746</b>	<b>-</b>	<b>-</b>	<b>746</b>

	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Cost (gross carrying amount)	7,974	1,442	13,502	22,918
Accumulated amortisation and impairment	(1,511)	(1,442)	-	(2,953)
<b>Net carrying amount 30 June</b>	<b>6,463</b>	<b>-</b>	<b>13,502</b>	<b>19,965</b>

Year Ended 30 June 2018	Software \$'000	Network Licences \$'000	Assets Under Construction \$'000	Total \$'000
<b>Net carrying amount at beginning of year</b>	<b>746</b>	<b>-</b>	<b>-</b>	<b>746</b>
Additions	1,702	-	13,502	15,204
Disposals	-	-	-	-
Reclassification	4,835	-	-	4,835
Amortisation	(820)	-	-	(820)
<b>Net carrying amount at end of year</b>	<b>6,463</b>	<b>-</b>	<b>13,502</b>	<b>19,965</b>

### Recognition and Measurement

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and if the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Authority's intangible assets are amortised using the straight-line method over a period of 4 years. These rates remain unchanged from the previous year. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

#### 11. CURRENT LIABILITIES - PAYABLES

	2019	2018
	\$'000	\$'000
Accrued personnel services expenses	1,986	914
Creditors	38,639	44,035
Unearned Revenue	-	19
	<b>40,625</b>	<b>44,968</b>

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

##### Recognition and Measurement

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially recognised at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

##### Accrued salaries, wages and on-costs

The Authority receives personnel services from the Department of Finance, Services and Innovation. The Department of Finance, Services and Innovation is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

In accordance with NSW Treasury Circular 15/07 "Financial and Annual Reporting Requirements Arising from Personnel Service Arrangements", a liability representing the total amount payable to the Department of Finance, Services and Innovation is recognised in the Statement of Financial Position.

As the Authority is not an employer, the disclosure requirements of AASB 119 Employee Benefits in respect of employee benefits do not apply

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 18.

#### 12. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2019	2018
	\$'000	\$'000
<b>Current</b>		
Decommissioning costs	-	1,300
Restoration and decommissioning costs	-	466
<b>Total Current Provisions</b>	<b>-</b>	<b>1,766</b>
<b>Non-Current</b>		
Restoration and decommissioning costs	6,371	4,550
<b>Total Non-Current Provisions</b>	<b>6,371</b>	<b>4,550</b>
<b>Total Provisions</b>	<b>6,371</b>	<b>6,316</b>

The provision represents the cost of decommissioning existing operational assets arising from a site exit which includes site restoration and decommissioning equipment.

	2019	2018
	\$'000	\$'000
<b>Movements in provisions (other than employee benefits)</b>		
Movements in each class of provision during the year, other than employee benefits, are set out below:		
Carrying amount as at beginning of year	6,316	4,762
Additional provisions recognised	1,715	1,572
Amounts utilised	(1,766)	-
Unused amounts reversed	-	(110)
Unwinding at discount rate	106	92
Carrying amount at end of year	<b>6,371</b>	<b>6,316</b>

### Recognition and Measurement

#### Other Provisions

Provisions are recognised when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when an Authority has a detailed formal plan and the Authority has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

Provisions include restoration costs on leased telecommunication sites. The provision is calculated based on current cost estimates for asset dismantling, removal and site restoration activities implicit in each lease agreement, which are then discounted to present value. The provisions are established by individual lease. The unamortised value of the obligation is recorded as an asset

If the effect of the time value of money is material, provisions are discounted using the government bond rate (2019: between 1.490 and 2.580; 2018: between 1.910 and 3.200) which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

## 13. EQUITY

### Recognition and Measurement

#### Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

#### Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or AAS (e.g. revaluation surplus and foreign currency translation reserve).

#### Equity transfers - Recognition and Measurement

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

In March 2019, twelve towers and shelters, with a combined valuation of \$721,000, were transferred from NSW Police Department to the Authority. In June 2018, two parcels of land, with a combined independent valuation of \$320,000, were transferred from NSW Police Department to Telco. This is part of the CCEP initiative to incorporate existing government assets into the expanding GRN. This transfer was approved by the respective Ministers.

#### **14. BUDGET REVIEW**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

##### **Net result**

The actual net result for the Authority for 2019 is a surplus of \$99.7 million (2018: \$43.2 million surplus) which was unfavourable to the budgeted net result by \$98.4 million. The major variations to budgets are:

Total Revenue was \$104.1 million unfavourable to budget, mainly in grants and contributions, offset by increased sales of goods and services.

The grants and contributions were unfavourable to budget by \$111.0 million due to Critical Communication Enhancement Program and Mobile Black Spot Program carry forwards to 2019/20 and 2020/21.

Total Expenses were \$5.9 million favourable to budget, due to delayed claims by suppliers associated with the Mobile Black Spot Program, subsequently carried forward to 2019/20.

##### **Assets and liabilities**

Net Assets: The actual net assets of \$240.2 million (2018: \$139.8 million net assets) were unfavourable to budget by \$95.7 million and was mainly due to the carry forward of elements of the Critical Communications Enhancement Program construction phase to 2019/20 and 2020/21.

Total Assets were unfavourable to budget by \$64.6 million mainly due to delays in the construction of the Critical Communications Enhancement Program carried forward to 2019/20 and 2020/21, offset by increases in cash balances due to the funding of the Critical Communications Enhancement Program and increases in trade receivables and prepayments, which are indicative of the business, unlike the budget.

Total Liabilities were unfavourable to budget by \$31.1 million due to the higher payables driven by timing differences in the construction phase of the Critical Communications Enhancement Program.

##### **Cash flows**

Net increase in cash during the year is \$1.7 million compared to a budgeted net decrease in cash of \$1.0 million. The favourable variance of \$2.8 million was driven by marginally lower expenses than budgeted.

## 15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2019	2018
	\$'000	\$'000
<b>Net cash used on operating activities</b>	92,930	68,008
Depreciation and amortisation	(13,283)	(8,282)
Finance Costs	(106)	(92)
Net gain/(loss) on sale of plant and equipment	(163)	(26)
Increase/(decrease) in receivables	6,391	(2,756)
Increase/(decrease) in inventories	101	341
(Increase)/decrease in payables	13,657	(14,394)
Increase/(decrease) in other assets	207	378
<b>Net result</b>	<b>99,734</b>	<b>43,177</b>

## 16. COMMITMENTS FOR EXPENDITURE

### (a) Capital Commitments

	2019	2018
	\$'000	\$'000
Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:		
Not later than one year	113,591	111,999
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total (including GST)</b>	<b>113,591</b>	<b>111,999</b>

### (b) Operating Lease Commitments

#### Entity as lessee

Future minimum rental payables under non-cancellable operating lease as at 30 June are, as follows:

Not later than one year	4,953	3,746
Later than one year and not later than five years	9,005	8,041
Later than five years	5,626	4,007
<b>Total (including GST)</b>	<b>19,584</b>	<b>15,794</b>

The Authority has entered into operating lease rental agreements with government agencies and private companies for provision of accommodation for the Authority's use.

Site rental leases are entered into with other NSW Government agencies and private sector companies. The term of accommodation leases range from one to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees, public liability insurance and repairs and maintenance are the responsibility of the Authority.

Total commitments above include input tax credits of \$11,912,000 (\$11,618,000 in 2018) that are expected to be recovered from the Australian Taxation Office.

#### Entity as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are, as follows:

Not later than one year	169	166
Later than one year and not later than five years	93	269
Later than five years	-	-
<b>Total (including GST)</b>	<b>262</b>	<b>435</b>

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Authority is not aware of any contingent assets or liabilities at the date of these financial statements.

## 18. FINANCIAL INSTRUMENTS

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Managing Director has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Authority on a continuous basis.

The Authority's financial instruments include cash, receivables and payables.

### (a) Financial Instrument Categories

#### i. As at 30 June 2019 under AASB 9

Financial Assets	Note	Category	2019
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	52,058
Receivables(i)	6	Amortised cost	8,142
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	
Class:			
Payables(ii)	11	Financial liabilities measured at amortised cost	39,944

#### ii. As at 30 June 2018 under AASB 139 (comparative period)

Financial Assets	Note	Category	2018
			\$'000
			Carrying Amount
Class:			
Cash and cash equivalents	5	Not applicable	50,317
Receivables(i)	6	Loans and receivables (at amortised cost)	3,899
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	
Class:			
Payables(ii)	11	Financial liabilities measured at amortised cost	43,361

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluated this at each financial year-end.

- (i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
- (ii) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

**(b) Derecognition of financial assets and financial liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

**(c) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**(d) Financial risks**

**i. Credit risk**

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the entity, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

**Cash and cash equivalents**

Cash and cash equivalents comprises bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation ("TCorp") 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

**Accounting policy for impairment of trade debtors and other financial assets under AASB 9**

**Receivables - Trade Debtors**

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss



allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade debtors are written off when there is no reasonable expectation of recovery.

The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

30 June 2019						
\$'000						
	Current	<30 days	30–60 days	61–90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount at default	3,011	3,543	52	73	614	7,293
Expected credit loss	-	-	-	-	-	-
<b>Total</b>	<b>3,011</b>	<b>3,543</b>	<b>52</b>	<b>73</b>	<b>614</b>	<b>7,293</b>
Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 11.						
The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.						

**Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).**

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	Total <sup>1,2</sup> \$'000	Past Due But Not Impaired <sup>1,2</sup> \$'000	Considered Impaired <sup>1,2</sup> \$'000
<b>2018</b>			
< 3 months overdue	1,984	1,984	-
3 months - 6 months overdue	17	17	-
> 6 months overdue	234	135	99

Notes:

- 1 Each column in the table reports "gross receivables".
- 2 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 *Financial Instruments: Disclosure* and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position nor Note 6.
- 3 The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018.

ii. **Liquidity risk**

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, no assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in *Treasurer's Direction NSW TC 11/12*. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For payments to other suppliers, the Head of an authority (or person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest applied to payables during the year.

### iii. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority does not have any borrowings and its exposure to interest rate risk is minimal.

### iv. Fair Value Measurement

#### (i) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments

#### (ii) Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no assets or liabilities recorded at fair value.

## 19. RELATED PARTY DISCLOSURES

### Key management personnel

The total remuneration of the key management personnel of the Authority are as follows:

	2019 \$'000	2018 \$'000
Short-term employee benefits:		
- Salaries	333	327
- Non-monetary benefits	-	-
Other long-term employee benefits	-	-
Post-employment benefits	20	20
Termination benefits	-	-
<b>Total remuneration</b>	<b>353</b>	<b>347</b>

### Other related party transactions

During the year, the Authority entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's sale of goods/ rendering of services/ receiving of services, in aggregate are as follows:

Nature of transaction	2019 \$'000		2018 \$'000	
	Transaction value Income/(expense) \$'000	Net receivable/ (payable) \$'000	Transaction value Income/(expense) \$'000	Net receivable/ (payable) \$'000
Sales of goods/ services; grants and contributions and other receipts	180,577	8,285	108,810	3,762
Purchases of goods/ services; grants and subsidies and other payments	(29,194)	(2,014)	(9,151)	(5,551)

## 20. EVENTS AFTER THE REPORTING PERIOD

As a result of the recent Administrative Arrangements Orders effective 1<sup>st</sup> July 2019, the employees of the Department of Finance, Services and Innovation (DFSI) who provided personnel services to the Authority were transferred to the new Department of Customer Service (DCS). The new DCS provides personnel services to the Authority from 1<sup>st</sup> July 2019. This event has no impact to the 2018-19 financial statements.

**END OF AUDITED FINANCIAL STATEMENTS**

## Budget outline for 2019/20

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	<b>Budget FY 2020 \$'000</b>
<b>Expenses excluding losses</b>	
Personnel services/employee related	17,808
Other operating expenses	67,295
Depreciation and amortisation	19,473
Finance cost	-
<b>Total expenses excluding losses</b>	<b>104,576</b>
<b>Revenue</b>	
Sale of goods and services	62,616
Grants (TSY)	189,981
Other revenue	811
<b>Total revenue</b>	<b>253,408</b>
<b>Total comprehensive income for the year</b>	<b>148,832</b>

## Statutory reporting obligations

### Human resources

The NSW Telco Authority does not directly employ staff. All staff are employed by the Department of Finance, Services and Innovation, with the Department charging the NSW Telco Authority for personnel services. The NSW Telco Authority actively seeks secondments from business partners to increase sector wide experience, as well as the NSW Telco Authority's capacity. Personnel policies are based on those used by the Department of Finance, Services and Innovation.

As employees of the Department of Finance, Services and Innovation, the full details of the NSW Telco Authority's human resources activities for the 2018/19 financial year are reported on in the Department of Finance, Services and Innovation's Annual Report. The workplace profile 2018/19 is set out below.

Division	2015 <sup>1,2</sup>	2016 <sup>1,2</sup>	2017 <sup>1,2</sup>	2018 <sup>1,2</sup>	2019 <sup>1,2</sup>
Senior Executive	2.0	6.0	6.0	6.0	7
Senior Officer	3.0	-	-	-	-
Ongoing	11.7	14.6	23.1	28.4	30.4
Temporary	5.4	4.0	1.0	2.0	6
Graduate	3.0	3.0	9.0	-	-
<b>Total</b>	<b>25.1</b>	<b>27.6</b>	<b>39.2</b>	<b>36.4</b>	<b>43.4</b>

Note 1: Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

Note 2: Statistics are based on Workforce Profile census data as at 18 June 2015, 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

### Workforce Diversity

Information on workforce diversity achievements and key workforce diversity strategies for next year are reported in the Department of Finance, Services and Innovation's Annual Report.

Trends in the Representation of Workforce Diversity Groups					
Workforce Diversity Group	Benchmark	2016 <sup>1,2</sup>	2017 <sup>1,2</sup>	2018 <sup>1,2</sup>	2019 <sup>1,2</sup>
Women <sup>3</sup>	<b>50%</b>	21.4%	37.5%	43.2%	48.9%
Aboriginal People and/or Torres Strait Islander People <sup>4</sup>	<b>3.3%</b>	0.0%	25.5%	0.0%	0.0%
People whose First Language Spoken as a Child was not English <sup>5</sup>	<b>23.2%</b>	14.3%	15.0%	8.1%	8.9%
People with a Disability <sup>6</sup>	<b>5.6%</b>	0.0%	19.0%	0.0%	0.0%
People with a Disability Requiring Work-Related Adjustment <sup>6</sup>	<b>N/A</b>	0.0%	0.0%	0.0%	0.0%

Note 1: Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

Note 2: Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

Note 3: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 4: The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 5: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language, but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.

Note 6: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

<b>Trends in the Distribution of Workforce Diversity Groups</b>					
<b>Workforce Diversity Group</b>	<b>Benchmark</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Women	100	N/A	N/A	N/A	N/A
Aboriginal People and/or Torres Strait Islander People	100	N/A	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A	N/A

Note 7: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 8: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

## Senior executives

<b>Senior Executive Band</b>	<b>2018<sup>1,2,3</sup></b>				<b>2019<sup>1,2,3</sup></b>			
	<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>% Representation by Women</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>% Representation by Women</b>
<b>Band 4 (Secretary)</b>	0	0	0	0%	0	0	0	0%
<b>Band 3 (Deputy Secretary)</b>	0	0	0	0%	0	0	0	0%
<b>Band 2 (Executive Director)</b>	2	0	2	100%	1	0	1	100%

<b>Band 1 (Director)</b>	1	3	4	<b>25%</b>	2	4	6	33.3%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>50%</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>42.9%</b>

	2017 <sup>4</sup>		2019 <sup>4</sup>	
<b>Senior Executive Band</b>	<b>Range \$</b>	<b>Average Remuneration \$</b>	<b>Range \$</b>	<b>Average Remuneration \$</b>
Band 3 (Deputy Secretary)	328,901 - 463,550	0	337,101 - 475,150	0
Band 2 (Executive Director)	261,451 - 328,900	313,227	268,001 - 337,100	332,738
Band 1 (Director)	183,300 - 261,450	206,151	187,900 - 268,000	209,219

Note 1: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

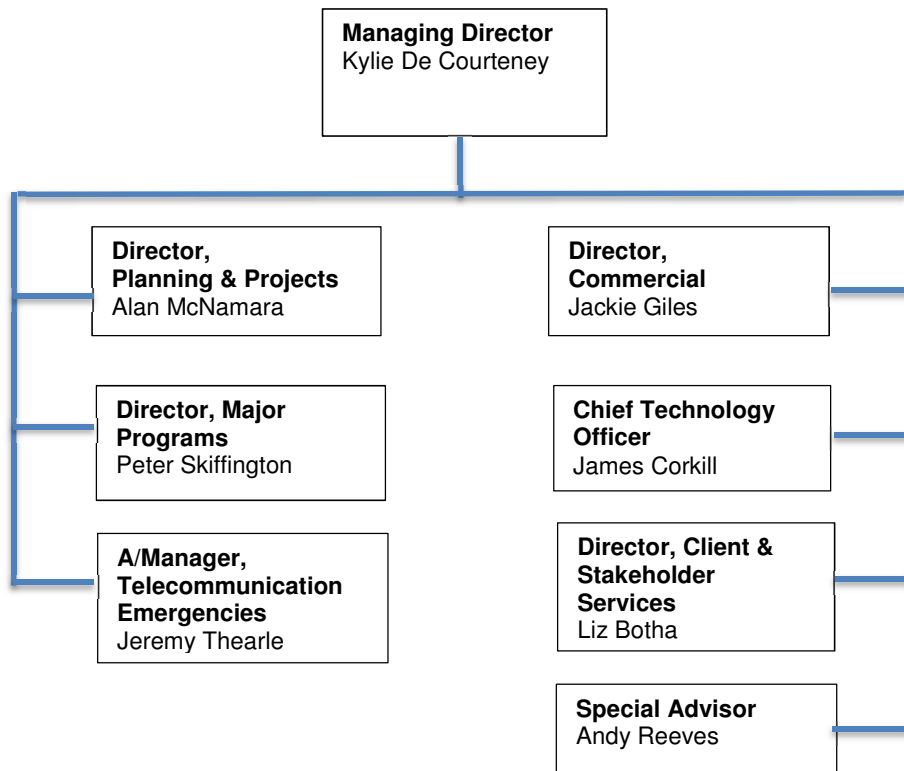
Note 2: Statistics are based on Workforce Profile census data as at 28 June 2018 and 27 June 2019.

Note 3: All employees reported in 2018 and 2019 are appointed under the Government Sector Employment Act. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

Note 4: Salary ranges effective at the Workforce Profile census dates of 29 June 2017, 28 June 2018 and 27 June 2019.

<b>Employee related costs 2018</b>	<b>Amount</b>
Executive	\$1,441,640
Non-Executive	\$4,310,252
Total	\$5,751,892
Ratio Senior Executive	25.1%

## Our Senior Organisational Structure



## Overseas travel

No overseas travel was undertaken by anyone in the Telco Authority during the reporting period.

## Credit card certification

In accordance with the Treasurer's Directions 205.01- 205.08, the Telco Authority certifies that corporate credit card use by officers of the NSW Telco Authority is in accordance with the established government requirements, Premier's Memorandum and Treasurer's Directions.

## Payment of accounts

### Aged analysis at the end of each quarter during 2018/19

.Quarters	TOTAL	Current within due date	30 - 60 days overdue	61 - 90 days overdue	90+ days overdue
<b>All suppliers</b>					
September	\$1,844,458.94	\$1,843,686.21	\$772.73	-	-
December	\$2,716,023.34	\$2,426,865.53	\$251,847.34	\$19,326.80	\$17,983.67
March	\$463,404.14	\$333,511.56	\$23,875.00	\$77,902.77	\$28,114.81
June	\$1,769,641.76	\$1,767,733.55	\$(6,486.97)	-	\$8,395.18
<b>Small business suppliers</b>					
September	-	-	-	-	-
December	-	-	-	-	-
March	-	-	-	-	-
June	-	-	-	-	-

The Telco Authority has 18 credit cards on issue with a combined limit of \$270,000.



**Notes:** Negative values relate to uncleared credit notes including credit card transactions.

**Accounts due or paid within each quarter during 2018/19**

Measure	September	December	March	June
<b>All suppliers</b>				
Number of accounts due for payment	609	537	537	787
Number of accounts paid on time	238	178	132	311
Actual percentage of accounts paid on time (based on number of accounts)	39%	33%	25%	40%
Dollar amount of accounts due for payment	\$43,734,850.42	\$28,502,720.04	\$37,596,146.49	\$44,731,243.90
Dollar amount of accounts paid on time	\$8,404,226.44	\$2,721,381.19	\$5,866,640.18	\$15,100,947.55
Actual percentage of accounts paid on time (based on \$)	19%	10%	16%	34%
Number of payments for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

**Notes:** No registered small business supplier accounts were paid during the year. Payment performance impacted due to settlement negotiations, incorrectly rendered invoices, and invoices submitted prior to completion of work. The Authority continues to work with suppliers and staff to reduce impacts and improve performance where possible.

**Consultants**

The Authority engages external consultants to support specific projects and workload peaks as required. This allows the Authority to draw on specialist expertise from the private sector.

**Engagements above \$50,000**

Consultant	Category	Description	Amount (ex GST)
Deloitte Touche Tohmatsu	Finance and accounting	CCEP Financial cost modelling and contract review	\$85,000
GQI Consulting Pty Ltd	Engineering / Technical	CCEP Technical P25 services to support major procurement activities	\$103,800
<b>Total</b>			<b>\$188,800</b>

### Engagements under \$50,000

	Category	Engagements	Amount (ex GST)
	Finance and accounting	1	\$40,000
	Contract and Procurement	1	\$45,000
<b>Total</b>			<b>\$85,000</b>

### Investment performance

The Authority's investment performance for the reporting period is outlined below. The Westpac investment, as part of the Treasury Banking System (TBS), was the primary source of interest revenue for the reporting period.

Category	Weighted portfolio composition	Revenue	Annual rate of return
Bank Interest	100%	\$964,974	1.89%

## **Work Health and Safety (WHS)**

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The Authority has introduced a broad range of practical processes and tools to support the business in its journey towards greater WHS maturity. Particular focus on high risk areas has led to the development of the Authority's Critical Risk Controls. These set expectations and provide guidance for our internal teams and our vendors.

The Authority will continue to focus on culture and leadership, and team members' capability. This year has seen the introduction of WHS accountability statements, and risk-based WHS training including driver safety, radio frequency awareness and safe design.

The introduction of real time cloud-based assurance tools like IAuditor has greatly enhanced the Authority's management oversight and reporting of WHS on projects. This has supported the introduction of an Authority wide WHS Assurance framework, covering leadership walks, site inspections, vendor audits and performance reports. The Authority continues to align with DFSI's WHS management systems and wellbeing initiatives.

## **Risk management and insurance**

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The Authority aligns with the DFSI Enterprise Risk and Resilience Framework in accordance with NSW Treasury requirements, as set out in Treasury Policy and Guidelines Paper TPP 15-03: Internal Audit and Risk Management Policy for the NSW Public Sector. The Authority complies with all relevant insurance requirements including workers' compensation, motor vehicles, public liability, property and miscellaneous items. During the 2017/18 financial year, the Authority paid \$299,089.07 (ex GST) in insurance premiums.

## **Disclosure of controlled entities and subsidiaries**

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The Authority receives personnel services from the Department of Finance, Services and Innovation. The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement. The Authority does not hold shares in any public-sector subsidiary.

## **Land Disposal**

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No properties were disposed of during the year.

## **Funds granted to non-government community organisations**

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No funds were granted to non-government community organisations during the year.

## **Government Information (Public Access) Act 2009**

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The intention of the Government Information (Public Access) Act 2009 is to make government information

more open and available to the general public. As part of the Department of Finance, Services and Innovation, the Authority complies with this Act by proactively releasing information on its website and responding to formal applications made to the Department of Finance, Services and Innovation.

Statistical information about access applications received in relation to the Authority is reported in the Department of Finance, Services and Innovation's Annual Report.

## **Public Interest Disclosures**

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For the 2018/19 period, no Authority officials made public interest disclosures.

As staff are employees of the Department of Finance, Services and Innovation, the Authority has adopted and adheres to the Department's Fraud and Corruption Internal Reporting Policy. All staff are advised of this policy by means of the Code of Conduct and information via the intranet.

## **Privacy and Personal Information Protection (PIIP) Act 1998**

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The Authority is covered by the Department of Finance, Services and Innovation's Privacy Management Plan.

## **Exemptions**

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All staff employed by the Department of Finance, Services and Innovation, including those allocated to statutory bodies such as the Telco Authority, are included in the Department's Annual Reporting on the following:

- Management and activities,
- Disability inclusion action plans,
- Multicultural policies and services program,
- Work health and safety, and
- Waste reduction.

A copy of the Department of Finance, Services and Innovation's Annual Report is available at [www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

## **Annual Report Production**

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The Telco Authority annual report was prepared internally and no external costs were incurred. A PDF version of the report is available at [www.telco.nsw.gov.au](http://www.telco.nsw.gov.au)

## **Access to the NSW Telco Authority**

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NSW Telco Authority

McKell Building

2-24 Rawson Place, Sydney NSW 2000

## Annual reporting compliance checklist

Compliance Requirement	Section in the Annual Report	Page
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Agreements with Multicultural NSW	N/A	
Additional matters for inclusion in annual reports:		
1) PPIP Act	1) Statutory reporting obligations – <i>Privacy and Personal Information Protection Act (PPIP) Act 1998</i>	48
2) Significant events after reporting period	2) About Telco Authority – Our administrative and legislative context	6
3) Report production costs and accessibility	3) Statutory reporting obligations – Annual report production	48
Aims and objectives	About Telco Authority – Our operating principles; Our stakeholders; Our customers	6
Application for extension of time	N/A	
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Charter	About Telco Authority – Our administrative and legislative context	6
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<b>Compliance Requirement</b>	<b>Section in the Annual Report</b>	<b>Page</b>
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Work Health and Safety (WHS)	Statutory reporting obligations – Work Health and Safety Statutory reporting obligations – Exemptions	48 48
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