

Cost Recovery Implementation Statement: Annual Carrier Licence Charge for the charging period 1 July 2022 to 30 June 2023

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Contents

1.	Introduction	1
1.1	Purpose of the Cost Recovery Implementation Statement	1
1.2	Background and description of activity	1
1.3	Stakeholders	2
2.	Policy and statutory authority to undertake cost recovery	3
2.1	Government policy approval to recover costs	3
2.2	Statutory authority to impose cost-recovery charges	4
3.	Cost recovery model	6
3.1	Determination of cost component for the ACMA's activity	6
3.2	Determination of cost component for the ACCC's activity	14
3.3	Determination of cost component for the ITU activity	21
3.4	Determination of cost component for the development or variation of consumer protection codes	22
3.5	Determination of cost component for government grants for consumer representation and research	23
3.6	Design of cost recovery charges	24
	Establishment of individual levy amounts	24
	Consumer Safeguards Part A program	25
4.	Risk assessment	27
5.	Stakeholder engagement	28
6.	Financial estimates	29
7A.	Financial performance	31
7B.	Non-financial performance	33
	The ACMA's cost component	33
	The ACCC's cost component	33
	ITU contribution	34
	Government grants – consumer representation and research	34

Contents (Continued)

8.	Key forward dates and events	35
9.	CRIS approval and change register	36
	Attachment A: Telecommunications activities not included in the ACLC	38
	Smartnumbers allocation activities	38
	Anti-spam and e-security activities	38
	Do Not Call Register and telemarketing-related activities	38
	Public information activities	38
	Other telecommunications activities	38
	Attachment B: Cost Recovery Implementation Statement – Measuring Broadband Australia program	39
1.	Introduction	39
2.	Policy and statutory authority to undertake cost recovery	40
3.	Cost-recovery model	41
4.	Risk assessment	43
5.	Stakeholder engagement	44
6.	Financial estimates	46
7A.	Financial performance	47
7B.	Non-financial performance	47
8.	Key forward dates and events	48
	Glossary	49
	Attachment C: ACLC for 2022–23	51

1. Introduction

1.1 Purpose of the Cost Recovery Implementation Statement

This Cost Recovery Implementation Statement (CRIS) provides information on how the Australian Communications and Media Authority (ACMA), the Australian Competition and Consumer Commission (ACCC) and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) apply cost-recovery principles to determine relevant amounts under the *Telecommunications (Carrier Licence Charges) Act 1997* to be recovered through the Annual Carrier Licence Charge (ACLC).

A summary of the cost-recovery models used by the ACMA, ACCC and the Minister for Communications to calculate their relevant telecommunications costs recovered through the ACLC is included in this statement.

This CRIS reports the financial performance for the relevant activities and includes forecasts for these costs over the 2022–23 financial year and 3 forward years (financial years 2023–24 to 2025–26). The ACCC and DITRDCA have contributed the relevant information about their cost-recovery models. The ACMA will maintain the CRIS until the activities or cost-recovery arrangements for the activities have been discontinued.

Attachment B of this CRIS provides information on how the ACCC applies cost-recovery principles to determine the costs incurred for its Measuring Broadband Australia (MBA) program as part of its ACLC cost component.

1.2 Background and description of activity

The ACMA is a statutory authority within the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio of the Australian Government. It is responsible for various telecommunications functions and powers under the *Australian Communications and Media Authority Act 2005* (ACMA Act) and the *Telecommunications Act 1997* (Telco Act).

The ACLC is established by the *Telecommunications (Carrier Licence Charges) Act 1997* (the Act) to fund the activities of the ACMA, ACCC and DITRDCA in regulating licensed telecommunications carriers and telecommunications services provided by carriers. The purpose of the ACLC is that those entities creating the need for government activities, such as regulation, meet the cost of those activities.

The ACLC for a financial year is imposed on a carrier licence that is in force at the beginning of that financial year and is payable by the holder of the licence.

The ACMA determines the amount of ACLC payable by a licensed telecommunications carrier through a determination made under section 14 of the Act.

The total ACLC must not exceed the sum of the following telecommunications costs:

- > the ACMA's costs, including the cost of the Consumer Safeguards Part A program
- > the ACCC's costs, including the cost of the MBA program
- > the amount reimbursed for the development or variation of industry codes under Part 6 of the Telco Act
- > the costs incurred by DITRDCA for the Commonwealth's contribution to the International Telecommunication Union (ITU) membership (for telecommunications), and for grants made under section 593 of the Telco Act.

These amounts are specified in legislative instruments made by the ACMA, ACCC and the minister. The costs of the ACMA's and ACCC's other regulatory activities are not included in this ACLC.

The methodology for allocating the total ACLC (including the amount applicable to the Consumer Safeguards Part A program) to liable individual carriers has not changed from the previous year. The amount applicable to the MBA program is allocated to liable individual licensed carriers based on the number of NBN fixed-line connections operated by monitored service providers that are also carriers.

For the 2022–23 financial year, as in previous years, the ACLC payable by each liable licensed carrier is based on the carrier's eligible revenue (within the meaning of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (TCPSS Act) for the previous financial year (2021–22) as assessed by the ACMA.

Carriers that were 'non-participating persons' within the meaning of the Telecommunications (Participating Persons) Determination 2015 for the eligible revenue period (1 July 2021 to 30 June 2022) are exempt from paying the ACLC for the 2022–23 financial year in accordance with the Australian Communications and Media Authority (Annual Carrier Licence Charge) Direction 2017 (the 2017 Direction).¹

Non-participating persons must either give a statutory declaration to the ACMA stating they are carriers with initial telecommunications sales revenue, gross telecommunications revenue or eligible revenue below \$25 million in the applicable eligible revenue period, or be carriers that have revenue below the stated threshold and the ACMA is otherwise reasonably satisfied that this is the case.²

It is appropriate that those that create the need for regulatory activities meet the corresponding expenses through the ACLC. Those that are non-participating persons, while operating in the telecommunications industry, do not create any substantial regulatory burden.

Any carrier that held a carrier licence on 1 July 2022, and was not a non-participating person during 1 July 2021 to 30 June 2022, is required to pay the ACLC for the 2022–23 financial year and will be liable for payment when it is due. This applies whether they have surrendered their licence or had their licence cancelled after 1 July 2022.

1.3 Stakeholders

Key stakeholders are telecommunications carriers, carriage service providers, industry bodies (for example, Communications Alliance) and consumer bodies (for example, the Australian Communications Consumer Action Network).

¹ This can be accessed from: www.legislation.gov.au/Details/F2017L00542.

² See the [Telecommunications \(Participating Persons\) Determination 2015](#) for more information.

2. Policy and statutory authority to undertake cost recovery

2.1 Government policy approval to recover costs

As an outcome of the Communications Portfolio Charging Review in the financial year 2019–20, the Australian Government confirmed the appropriateness of cost recovery for the following activities through the ACLC:

- > the ACMA regulating telecommunications entities
- > the ACCC regulating telecommunications entities
- > a telecommunications industry body or association developing industry codes under Part 6 of the Telco Act
- > the Commonwealth's contributions to the ITU budget
- > the granting of financial assistance to consumer bodies to support consumer representation in the telecommunication sector and to relevant research bodies.

Before 2019–20, the Australian Government made a series of decisions determining the above activities to be the subject of cost recovery through the ACLC.³ These decisions are consistent with the Act, which specifically includes the costs of each of these 5 activities as part of the amount that can be recovered through the ACLC.

The financial estimates of all relevant ACLC activities are reflected in Table 20 in this CRIS, and Table B5 in Attachment B.

Consumer Safeguards Part A program

The government provided funding of \$3.7 million over 4 years from 2019–20 (\$2.7 million in operating costs and \$1.01 million in capital costs) and \$0.6 million per year, ongoing from 2023–24, for the Consumer Safeguards Part A program.

Under this program, the ACMA collects data and undertakes analysis to consider telecommunications industry and company performance, as well as undertaking the following activities:

- > data integrity and consistency – a quarterly intensive validation of each set of data received from carriage service providers
- > data management, analysis and visualisation
- > performance reporting under the Telecommunications (Consumer Complaints) Record-Keeping Rules 2018 (RKR) that relates specifically to the Consumer Safeguards Part A program
- > resolving systemic issues – systemic and other issues arising from the analysis of the complaint data and issues referred from the Telecommunications Industry Ombudsman (TIO) are investigated further by compliance and enforcement officers or communicated to the relevant industry participant(s), industry body and/or regulator, to address the issues identified.

³ <https://archive.budget.gov.au/1996-97/statement4/bst04.pdf>, https://archive.budget.gov.au/2005-06/myefo/myefo_2005-06.pdf, https://archive.budget.gov.au/2009-10/bp2/bp2_consolidated.pdf, https://archive.budget.gov.au/2009-10/myefo/MYEF0_2009-10.pdf, <https://archive.budget.gov.au/2010-11/bp2/bp2.pdf>, <https://archive.budget.gov.au/2011-12/bp2/bp2.pdf>, https://archive.budget.gov.au/2013-14/bp2/BP2_consolidated.pdf, https://archive.budget.gov.au/2014-15/bp2/BP2_consolidated.pdf.

2.2 Statutory authority to impose cost-recovery charges

Section 12 of the Act imposes an annual charge on carrier licences in force at the beginning of a financial year (1 July 2022 for this CRIS).

Subsection 14(1) of the Act specifies that the amount of the charge to be imposed on a carrier licence is the amount ascertained in accordance with a written determination made by the ACMA.

The 2017 Direction requires the ACMA to make determinations as necessary under subsection 14(1) of the Act to impose an annual carrier licence charge in the amount of \$0 on each carrier licence that is:

- > in force at the beginning of a relevant financial year⁴
- > held by a carrier that was a non-participating person for the eligible revenue period immediately preceding that financial year.⁵

Accordingly, when the ACMA makes a determination under subsection 14(1) of the Act, it will impose a charge of \$0 on carriers that were non-participating persons for the 2021–22 eligible revenue period.

Subsection 15(1) of the Act requires that the total of the charges imposed on carrier licences in force at the beginning of a financial year must not exceed the sum of the cost components identified in paragraphs 15(1)(a) to 15(1)(d) of the Act (see Table 1). Further information on these cost components is provided in Chapter 3.

Table 1: Structural components of the ACLC

Reference in the Act	Cost component
15(1)(a)	The ACMA's cost component
15(1)(b)	The ACCC's cost component ⁶
15(1)(c)	A proportion of the Commonwealth's ITU contribution
15(1)(ca)	The sum of amounts paid to industry bodies for reimbursement of costs associated with developing or varying industry codes under Part 6 of the Telco Act
15(1)(d)	Estimated grants to be made under section 593 of the Telco Act for consumer representation and research

The ACMA will make a legislative instrument under subsection 14(1) of the Act that sets out the ACLC imposed on liable individual carrier licences, and the method of ascertaining the amount of the charge.

⁴ The 2017 Direction defines relevant financial year as the financial year that begins on 1 July 2017 and each later financial year.

⁵ The term non-participating person for the purpose of the 2017 Direction has the same meaning as in subsection 4(3) of the Telecommunications (Participating Persons) Determination 2015.

⁶ This component may incorporate costs indirectly related to the MBA program (for example, administration costs, contract management and publishing of results costs) associated more generally with the ACLC. However, costs that directly relate to the MBA program are not included in Table 1, but are disclosed in Attachment B.

In accordance with subsection 15(1) of the Act, the ACMA will also make a separate legislative instrument, determining the relevant amounts under paragraphs 15(1)(a), 15(1)(c) and 15(1)(ca) of the Act.

The ACCC will make a determination specifying its costs as described in paragraph 15(1)(b) of the Act, showing separately the costs applicable to the MBA program.

On 30 March 2023, the minister made the Telecommunications (Carrier Licence Charges) (Paragraph 15(1)(d)) Determination 2023, which estimated the total amount of grants likely to be made during the 2022–23 financial year under section 593 of the Telco Act, in accordance with paragraph 15(1)(d) of the Act.⁷

All determinations are, or will be, registered on the Federal Register of Legislation by the respective entities and commence before the ACMA will formally determine the amount of ACLC payable by each relevant licenced carrier and issue invoices.

Table 2: List of legislative instruments for imposition of the ACLC for the 2022–23 financial year

No.	Determination	Made under
1	Telecommunications Carrier Licence Charges (Annual Charges) Determination (No. 2) 2023 (To be made by the ACMA, commencing after each of the determinations listed below have commenced)	Subsection 14(1) of the Act
2	Telecommunications Carrier Licence Charges (Specification of Costs by the ACMA) Determination (No. 2) 2023 (To be made by the ACMA)	Paragraphs 15(1)(a), (c) and (ca) of the Act
3	Determination Under Paragraph 15(1)(b) No. 2 of 2023 (Made by the ACCC)	Paragraph 15(1)(b) of the Act
4	Determination Under Paragraph 15(1)(d) 2 of 2023 ⁸ (Made by the minister)	Paragraph 15(1)(d) of the Act

⁷ [Telecommunications \(Carrier Licence Charges\) \(Paragraph 15\(1\)\(d\)\) Determination 2023 \(legislation.gov.au\)](https://www.legislation.gov.au)

⁸ [Telecommunications \(Carrier Licence Charges\) \(Paragraph 15\(1\)\(d\)\) Determination 2023 \(legislation.gov.au\)](https://www.legislation.gov.au)

3. Cost recovery model

There are 5 distinct regulatory outputs (cost components) included in the total amount of the ACLC and levied on carrier licences on an annual basis.

3.1 Determination of cost component for the ACMA's activity

3.1.1 Summary of costs

Table 3 summarises the ACMA's costs that relate to the telecommunications functions and powers for the preceding financial year for the 2022–23 and 2021–22 ACLC.

Table 3: The ACMA's ACLC costs for the 2021–22 and 2020–21 financial years

Output	ACMA cost 2021–22	ACMA cost 2020–21	Variance \$	Variance %
Regulation development	\$3,194,756	\$4,595,110	(\$1,400,354)	(30%)
Industry monitoring and NBN	\$587,430	\$776,318	(\$188,887)	(24%)
Compliance, enforcement and consumer safeguards	\$6,360,963	\$6,654,831	(\$293,868)	(4%)
Licensing and allocation	\$1,183,280	\$804,546	\$378,734	47%
Other outputs	\$778,117	\$655,651	\$122,465	19%
Sub-total	\$12,104,546	\$13,486,456	(\$1,381,910)	(10%)
Consumer Safeguards Part A	\$813,888	\$1,456,349	(\$642,461)	(44%)
Total costs	\$12,918,435	\$14,942,805	(\$2,024,370)	(14%)

Note: Sums may not add due to rounding.

The ACMA's cost component (excluding Consumer Safeguards Part A costs) has decreased by 10% (\$1.38 million) from the previous financial year. The change is mainly attributable to a decrease in regulation development as a result of:

- > the majority of work relating to a number of one-off research projects, such as telecommunications services financial hardship research, mobile-only snapshot and kids/mobiles – secondary analysis, being performed in 2020–21
- > fewer number of submissions being made in relation to telecommunications consumer safeguards inquiries in 2021–22 compared to the previous year, particularly given the completion of DITRDCA's Consumer Safeguards Review Part C concluded in September 2020
- > the network migration task force being disbanded at the end of 2020–21 and the ACMA moved its focus from developing tools for educational purposes to compliance following the lapse of the NBN Enhanced Consumer Experience funding, particularly as most people have now moved to the NBN.

The ACMA's Consumer Safeguards Part A costs have decreased by 44% (\$0.6 million) from the prior year in line with the funding profile, with the program work now moving into BAU activities. The expenditure is still in line with funding, and the program is expected to finish budget neutral.

The ACMA continues to identify efficiencies to ensure only minimum costs are passed on to industry.

The cost of undertaking the Consumer Safeguards Part A program is included as part of the costs of the ACMA performing its telecommunications functions and exercising its telecommunications powers, as determined under paragraph 15(1)(a) of the Act. The costs will be recovered in arrears from carriage service providers required to report under the RKR that are also carriers and participating persons.

Determining the ACMA's costs to be recovered under the ACLC uses an activity-based management (ABM) model, which tracks the direct and support costs incurred by the ACMA for activities performed under its telecommunications functions and powers. As in previous years, time is used as the primary means of allocating direct costs to activities, while support costs are allocated using an appropriate cost driver (further detail on cost drivers is provided later in this section).

The ACMA conducts agency-wide surveys to ensure the allocation base for the ABM model remains accurate.

3.1.2 Outputs and business processes of the activity

This component (under paragraph 15(1)(a) of the Act) represents the ACMA's costs incurred during the 2021–22 financial year that are attributable to performing its telecommunications functions set out in section 8 of the ACMA Act, and in exercising its telecommunications powers as defined in section 7 of the Telco Act, except for functions and powers conferred on the ACMA by or under⁹:

- > the *Do Not Call Register Act 2006* (DNCR Act)
- > the Telco Act, to the extent to which it relates to the DNCR Act
- > Part 6 of the Telco Act, to the extent to which it relates to telemarketing activities (within the meaning of that Part).

As a regulator of the telecommunications industry, the ACMA exercises powers conferred by various Acts and other legislation, including the following Acts relevant to the ACLC:

- > the Telco Act
- > the TCPSS Act
- > Chapters 4 and 5 of the *Telecommunications (Interception and Access) Act 1979*
- > Part XIC of the *Competition and Consumer Act 2010*
- > section 12 of the ACMA Act, as it relates to the ACMA's telecommunications functions.

The outputs for the ACMA's telecommunications activities are summarised below. To demonstrate transparency of costs attributable to the ACLC, as reported in the CRIS for the 2021–22 ACLC, the ACMA now provides activity costs for the 2022–23 ACLC with comparative costs for the previous year for each output.

Regulation development

This output includes regulatory development under the existing legislative framework, including:

- > promoting self and co-regulation and competition in the telecommunications industry

⁹ Subsection 15(4) of the Act defines the terms 'ACMA's telecommunications functions' and 'ACMA's telecommunications powers' for the purposes of the Act.

- > developing and varying telecommunications industry standards
- > conducting research on matters affecting telecommunication regulations managing technical regulatory arrangements.

Table 4 provides details of the activities performed under this output for the 2022–23 and 2021–22 ACLC.

Table 4: Regulation development – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
R1	Granting authorisation to access numbers via the IPND Scheme and regulations and monitoring and enforcing compliance with IPND requirements; regulating and managing numbering arrangements	\$1,210,303	\$1,124,124	\$86,179
R2	Educating the telecommunications industry and consumers on safeguards, including ongoing consulting with stakeholders	\$125,808	\$69,781	\$56,028
R3	Providing advice to industry and consumers about obligations and safeguards under the NBN consumer rules; reporting compliance activities to the public and relevant internal and external stakeholders	\$133,343	\$410,211	(\$276,868)
R6	Making submissions to consumer safeguards consultation processes; telecommunications consumer regulatory review/development, including development of proposals to improve the NBN consumer experience, review of industry codes, standards and determinations	\$764,993	\$1,240,432	(\$475,440)
R7	Managing telecommunications labelling notices and standards	\$428,895	\$685,907	(\$257,011)
R9	Registering telecommunications operational codes	\$0	\$11,577	(\$11,577)
R10	Researching market developments and telecommunications consumer experience (excluding NBN)	\$123,099	\$646,838	(\$523,739)
R12	Reviewing, making and registering of codes and determinations	\$408,315	\$406,240	\$2,075
	Total costs	\$3,194,756	\$4,595,110	(\$1,400,354)

Note: Sums may not add due to rounding.

Industry monitoring and NBN

This output includes:

- > monitoring and reporting on the service performance and compliance of telecommunications organisations with regulatory obligations
- > monitoring consumer safeguards that establish minimum performance standards
- > monitoring the implementation of appropriate NBN standards and codes.

Table 5 provides details of the activities performed under this output for the 2022–23 and 2021–22 ACLC.

Table 5: Industry monitoring and NBN – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
M1	Telecommunications consumer engagement, including providing secretariat function to the Consumer Consultative Forum; consulting with stakeholders; conducting industry and consumer research on telecommunications consumer safeguards	\$587,430	\$776,318	(\$188,887)
	Total costs	\$587,430	\$776,318	(\$188,887)

Note: Sums may not add due to rounding.

Compliance, enforcement and consumer safeguards

This output includes:

- > monitoring compliance relating to:
 - > consumer protection codes
 - > devices subject to labelling arrangements
 - > telecommunications cabling
 - > electromagnetic activities
- > handling complaints from the telecommunications industry and consumers
- > undertaking audit programs
- > issuing warning notices and directions to comply
- > taking other enforcement actions.

Table 6 provides details of the activities performed under this output for the 2022–23 and 2021–22 ACLC.

Table 6: Compliance, enforcement and consumer safeguards – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
C1	Contributing to submissions to a range of Telecommunications consumer safeguards consultation processes	\$17,941	\$6,807	\$11,135
C2	Implementing cabling compliance arrangements, including cabling inspections	\$0	\$33,774	(\$33,774)
C3	Investigating non-compliant cabling work	\$140,503	\$177,809	(\$37,305)
C4	Monitoring and investigating compliance with a range of consumer safeguards including, the Telecommunications Consumer Protections Code, the Mobile Premium Services Code, Priority Assistance obligations, Customer Service Guarantee and Payphone benchmarks and the Telecommunications Industry Ombudsman (TIO) scheme. Reporting on industry compliance against those consumer safeguards and the ACMA's telecommunications compliance and enforcement activity. Assessing applications from carriers and CSPs seeking exemptions from the requirement to join the TIO	\$2,680,671	\$2,499,233	\$181,439
C5	Providing newsletters and quarterly telecommunications facts and figures on website; providing fact sheets and maintaining currency of supporting consumer material on the ACMA website and other media platforms	\$149,540	\$186,040	(\$36,500)
C6	Responding to enquiries and undertaking investigations about the emergency call service, the Telecommunications (Service Provider — Identity Checks for Prepaid Mobile Carriage Services) Determination 2017, carrier licensing and infrastructure deployment; reporting on the number of disclosures of customer information and the costs of providing an interception capability; enforcing compliance with the requirement to submit interception capability plans; reporting on the cost of data retention and telecommunications sector security reforms	\$1,970,821	\$2,172,100	(\$201,279)
C7	Maintaining telecommunications network resilience through the Statutory Infrastructure Provider Register and overseeing Telstra's compliance with Carrier Licence Conditions such as the Network Reliability Framework and regional reporting	\$738,746	\$872,829	(\$134,084)
C9	Conducting compliance and enforcement activities to ensure that the telecommunications industry complies with new regulations to improve the experience of consumers migrating to the NBN, including with the Consumer Information Standard, Service Continuity Standard and Service Migration Determination and the Complaints Handling Standard	\$662,741	\$706,239	(\$43,499)
	Total costs	\$6,360,963	\$6,654,831	(\$293,868)

Note: Sums may not add due to rounding.

Licensing and number allocation

This output includes:

- > planning, developing and managing telecommunications carrier licences and submarine cable permits
- > planning, developing, allocating and maintaining telecommunications numbers.

Issuing licences and allocating certain numbers, such as geographic, free-phone, local rate and premium numbers are not included, as these services are delivered on a fee-for-service basis.

Table 7 provides details of the activities provided under this output for the 2022–23 and 2021–22 ACLC.

Table 7: Licensing and number allocation – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
L1	Developing and maintaining the administrative functions necessary to process applications under the carrier licensing regime and submarine cable regime	\$883,122	\$360,908	\$522,214
L2	Managing outsourced numbering arrangements and number allocation	\$300,158	\$443,638	(\$143,480)
	Total costs	\$1,183,280	\$804,546	\$378,734

Note: Sums may not add due to rounding.

Other outputs

All other outputs in relation to the ACMA's telecommunications functions and powers are considered in this category, including dealing with the telecommunications industry on national interest issues.

Table 8 provides details of the activities provided under this output for the 2022–23 and 2021–22 ACLC.

Table 8: Other outputs – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
O1	Administering the carrier licence charging arrangement and costing of regulatory activities associated with telecommunications	\$778,117	\$655,651	\$122,465
	Total costs	\$778,117	\$655,651	\$122,465

Note: Sums may not add due to rounding.

Consumer Safeguards Part A program

This output involves undertaking intensive validation of data to ensure integrity and consistency of the data, resolving systemic issues arising from the analysis of the complaint data and facilitating the appropriate resolution to address the issues identified.

Table 9 provides details of the activities provided under this output for the 2022–23 and 2021–22 ACLC.

Table 9: Consumer Safeguards Part A program – activities and costs for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Ref	Activity description	2021–22 cost	2020–21 cost	Variance increase/ (decrease)
S1	Telecommunications Performance Reporting relates specifically to Consumer Safeguards Part A NPP	\$384,140	\$1,091,716	(\$707,576)
S2	Conducting compliance audits to test telecommunications industry service providers' compliance with requirements under the standards that relate to Consumer Safeguards Part A	\$429,748	\$364,632	\$65,116
	Total costs	\$813,888	\$1,456,349	(\$642,461)

Note: Sums may not add due to rounding.

Further details about the ACMA's telecommunications activities in 2021–22 are set out in the ACMA's [Annual report 2021–22](#).

3.1.3 Costs of the activity

Tables 10 and 10A summarise the direct costs and support costs of the ACMA's components at the output level for the 2022–23 and 2021–22 ACLC, respectively.

Table 10: The ACMA's components at output level for 2022–23 ACLC (based on 2021–22 costs)

Output	Direct cost 2021–22	Support cost 2021–22	Total cost 2021–22
Regulation development	\$2,248,914	\$945,842	\$3,194,756
Industry monitoring and NBN	\$378,541	\$208,889	\$587,430
Compliance, enforcement and consumer safeguards	\$4,062,982	\$2,297,981	\$6,360,963
Licensing and allocation	\$798,832	\$384,448	\$1,183,280
Other outputs	\$436,319	\$341,798	\$778,117
Sub-total	\$7,925,589	\$4,178,957	\$12,104,546
Consumer Safeguards Part A program	\$515,786	\$298,102	\$813,888
Total costs	\$8,441,375	\$4,477,059	\$12,918,435

Note: Sums may not add due to rounding.

Direct costs include those directly attributable to outputs and activities performed by relevant operational areas involved in service provision, as well as overhead costs. These include staff salaries and other expenses (for example, contractors, consultants, suppliers, office consumables, travel, property, facilities) in relation to the operational areas carrying out telecommunications activities.

The overhead costs attributable to direct activities are allocated as direct costs. For example, the costs attributable to the Chair and legal support cost centres are allocated to their relevant support cost pool before being apportioned across the ACMA direct activities.

Support costs include all remaining overhead costs (such as depreciation and occupancy expenses) as well as the ACMA's corporate services, including information technology, finance, human resources, facilities and other costs.

Table 10A: The ACMA's components at output level for 2021–22 ACLC (based on 2020–21 costs)

Output	Direct cost 2020–21	Support cost 2020–21	Total cost 2020–21
Regulation development	\$3,179,009	\$1,416,101	\$4,595,110
Industry monitoring and NBN	\$508,773	\$267,545	\$776,318
Compliance, enforcement and consumer safeguards	\$4,274,358	\$2,380,473	\$6,654,831
Licensing and allocation	\$607,085	\$197,461	\$804,546
Other outputs	\$366,955	\$288,697	\$655,651
Sub-total	\$8,936,179	\$4,550,277	\$13,486,456
Consumer Safeguards Part A program	\$935,926	\$520,423	\$1,456,349
Total costs	\$9,872,105	\$5,070,700	\$14,942,805

Note: Sums may not add due to rounding

Table 11 sets out the allocation method applied by the ACMA to each of the support categories.

Table 11: Allocation of the ACMA's support costs (cost drivers)

Category	Cost driver
Office of the Chair	Average staffing level (ASL) applicable to recipient cost centre
People and finance	ASL applicable to recipient cost centre
Media	ASL applicable to recipient cost centre
Information and facilities	ASL applicable to recipient cost centre
Property operating expenses	ASL applicable to recipient cost centre
Asset usage	Percentage split based on asset usage (i.e., depreciation)
Legal	ASL applicable to recipient cost centre

Table 12 outlines a breakdown of expenses included in the ACMA's cost components for the ACLC amount for the 2021–22 financial year compared to the previous year. Employee costs include salaries and staff on-costs; operating costs essentially relate to expenses incurred, including contractors, consultants, travel, supplies and occupancy. Depreciation and write-offs of non-financial assets represent the loss of service potential of assets attributable to the telecommunications services included in determining the ACLC. These costs are subsets of both the direct and support costs shown in tables 10 and 10A above.

Table 12: The ACMA's cost component for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Costs	2022–23 ACLC	2021–22 ACLC	% change increase/ (decrease)
Employees	\$8,030,938	\$9,225,212	(13%)
Operating	\$2,596,320	\$3,024,660	(14%)
Depreciation and write-off	\$2,428,437	\$2,873,427	(15%)
Total ACMA costs	\$13,055,695	\$15,123,299	(14%)
Less: revenue received from activities delivered on a fee-for-service basis (see Attachment A: Telecommunications activities not included in the ACLC)	\$137,260	\$180,494	(24%)
Total costs for ACLC	\$12,918,435	\$14,942,805	(14%)

Note: Sums may not add due to rounding

The ACMA's costs take all productivity gains and operational savings into account, including an efficiency dividend due to the efficient use of resources.

Independent review of the ACMA's costs

The ACMA procured an independent audit of the 2022–23 ACLC costs. It found the ACMA Activity Based Management (ABM) model used to calculate the ACMA ACLC component employed a sound methodology, and no issues were identified with the accuracy of the input data.

3.2 Determination of cost component for the ACCC's activity

Under paragraph 15(1)(b) of the Act, for the 2022–23 ACLC, the ACCC must determine the proportion of its costs incurred during 2021–22 attributable to its telecommunications functions and powers. Accordingly, the information in this section has been provided by the ACCC and sets out the cost-recovery model it has used to determine the costs.

3.2.1 Outputs and business processes of the activity

Part XIC of the Competition and Consumer Act contains the framework for the economic regulation of the communications industry. The ACCC is responsible for:

- > conducting inquiries into which communications services should be regulated
- > conducting inquiries into the making of access determinations for regulated services that will contain price (or a method of ascertaining price) and non-price terms and conditions of access

- > making binding rules of conduct (if needed) to address specific competition issues
- > investigating allegations of access providers failing to comply with the standard access obligations and/or non-discrimination obligations in the Competition and Consumer Act
- > assessing special access undertakings (SAUs), which if accepted by the ACCC, will provide terms and conditions for access to regulated services.

Part XIB of the Competition and Consumer Act enables a quick response to instances of anti-competitive conduct in the communications industry and allows the ACCC to impose specific information-gathering obligations on industry participants to assist with the ACCC's administration and enforcement of the Competition and Consumer Act.

The ACCC's responsibilities under Part XIB include:

- > investigating allegations of anti-competitive conduct
- > considering exemption applications for anti-competitive conduct
- > reporting as part of the mandatory and discretionary reporting requirements
- > monitoring industry, including the NBN Wholesale Indicators Report, Internet Activity Report, Mobile Infrastructure Report, Communications Market Report and the Telstra Customer Access Network snapshot.

The ACCC also has responsibilities under the Telco Act for facilities access and structural reform. These include:

- > monitoring Telstra's compliance with its structural separation undertaking (SSU) and planning for migrating legacy copper and hybrid fibre coaxial (HFC) services to the NBN
- > overseeing the carrier separation rules in Part 8, including compliance with functional separation undertakings and the non-discrimination obligations.

The ACCC also has a role under the *Radiocommunications Act 1992* regarding access to digital radiocommunications facilities and to provide advice to the ACMA on matters regarding allocation limits for allocations of spectrum when requested.

As well as the ACCC's specific statutory obligations, it also has resources dedicated to:

- > conducting market and competition analysis and investigations (especially under Part IV of the Competition and Consumer Act) for content, media and application services delivered over communications networks
- > considering engineering issues relevant to its statutory role in the communications sector
- > advising other areas of the ACCC in the context of mergers, adjudication and enforcement activities
- > formulating briefing material and submissions to major government reviews, such as inquiries regarding the NBN, senate estimates, the regional telecommunications reviews and other public inquiries
- > providing industry guidance where appropriate to improve the operation of markets
- > drafting speeches and public presentations for commissioners and senior managers.

The key communications outputs are outlined below.

Communications markets and advocacy

- > Issuing the annual telecommunications report, *Communications Market Report* (Division 11 and 12 report).
- > Releasing reports on broadband performance data (from March 2018) under the ACCC's Measuring Broadband Australia program.
- > Undertaking compliance and enforcement activities regarding the Competition and Consumer Act and wholesale telecommunications markets (Part IV, Part XIB, NBN special access undertaking (SAU) and Telstra SSU), which have included instituting proceedings in August 2021 against each of Telstra, Optus and TPG for alleged false or misleading representations regarding the maximum speeds of certain NBN plans.
- > Consulting on changes to the *Broadband speed claims: Industry guidance* and consulting on updating telecommunications non-discrimination guidelines.
- > Overseeing compliance with, and assessing a variation to, NBN Co's court-enforceable undertaking regarding the supply of business grade services.
- > Participating in a number of industry-led working groups and forums with important implications for competition and consumer outcomes.
- > Digital radio facilities access undertaking for the Gold Coast final decision.
- > Commencing consultation on industry guidance on the carrier separation obligations under Part 8 of the Telco Act.
- > Consulting on and accepting a joint functional separation undertaking from TPG Telecom Limited.
- > Consulting on new NBN Co regulatory framework, including industry roundtable and working groups.
- > Consulting on NBN SAU variation lodged in March 2022.
- > Updating guidelines on non-discrimination obligations under Part XIC of the Competition and Consumer Act and the Telco Act. In May 2021, consulted on updated explanatory material for non-discrimination provisions applying to NBN Co and other access providers, and published new guidance in September 2021.
- > Providing assistance and advice to other areas of the ACCC on mergers and authorisation applications, including:
 - > an application from Telstra Corporation Limited, Telstra Limited and NBN Co for authorisation to amend the Definitive Agreements following a legal restructure to the Telstra Group
 - > a merger authorisation application for Telstra Corporation Limited to use spectrum held by TPG Telecom Limited, which is deemed to be an acquisition for the purposes of section 50 of the Competition and Consumer Act
 - > an application for authorisation from Telco Together Foundation for its current and future members to cooperate to identify and address modern slavery practices in their operations and supply chains
 - > an informal merger review of Telstra Corporation Limited's proposed acquisition of Fetch TV.
- > SBAS declaration inquiry final decision.
- > SBAS Interim Access Determination.
- > Commencing SBAS FAD inquiry.
- > WADSL declaration inquiry final decision.
- > Providing Telstra SSU Annual Compliance Report 2020–21 to the minister.
- > Providing Variation to NBN Migration Plan final decision.

- > Assessing Migration Plan compliance monitoring issues (regarding Required Measures – Private Payphones, Covid-19 and NSW / QLD floods Force Majeure events, Disconnection deferrals).
- > Assessing quarterly information on access agreements in place for communication services.

Mobiles, transmission and consumer (including NBN)

- > Monitoring NBN Co's compliance and performing other functions under NBN Co's SAU (given by NBN Co and accepted by the ACCC in late 2013), which sets out price and non-price terms of access to the NBN.
- > Issuing final determinations on the NBN Co SAU annual revenue determination (Long Term Revenue Constraint Methodology Determination).
- > Reviewing NBN regulatory framework including facilitation of industry roundtable and working groups.
- > Assessing NBN SAU variation lodged in March 2022, including industry consultation.
- > Providing advice to other areas on matters such as mergers or authorisation applications and enforcement activities, including:
 - > a merger authorisation application for Telstra Corporation Limited to use spectrum held by TPG Telecom Limited, which is deemed to be an acquisition for the purposes of section 50 of the *Competition and Consumer Act 2010*
 - > investigations in relation to Telstra's registration of radiocommunications sites in low band spectrum that interfered with Singtel Optus' plans to roll out its 5G network nationally.
- > Providing advice to other areas in relation to extending the Consumer Data Right to the telecommunications sector.
- > Providing advice to ministers, other government agencies and departments on request on various market developments, statements of intent and on spectrum allocation limits, including conducting public consultation. For example, the ACCC provided advice to the ACMA on allocation limits for the allocation of spectrum licences in the 850 and 900 MHz bands, and the issuing of apparatus licences in the 3.4–4.0 GHz band in remote areas.
- > Providing submissions to consultation processes of other government agencies and departments' policy and regulatory issues on matters such as the potential extension of the Consumer Data Right to the telecommunications sector, and the 2021 Regional Telecommunications Review.
- > Consulting on and updating various record-keeping rules (RKR), including the Audit of Telecommunications Infrastructure RKR, Internet Activity RKR, Division 12 RKR and NBN Services in Operation RKR.
- > Maintaining and collecting data through the Audit of Telecommunications Infrastructure Assets RKR, Telstra Customer Access Network RKR and NBN Services in Operations RKR.
- > Publishing relevant extracts from the NBN Services in Operations RKR and the Customer Access Network RKR in the quarterly NBN Wholesale Market Indicators Report and Snapshot of the Telstra Customer Access Network.
- > Publishing relevant extracts regarding mobile infrastructure from the Audit of Telecommunications Infrastructure Assets RKR and the Mobile Infrastructure Report.
- > Publishing biannual Internet Activity Reports that provide information on retail services in operations and data downloads across various technologies.

- > Conducting a review under section 581ZH (1) of the Telco Act as to whether a ministerial determination should be made on the appropriate corporate control percentage relating to the application of the facilities access requirements.
- > Consulting and engaging with industry on a range of regulatory matters, including telecommunications consumer issues, industry codes, numbering, consumer issues about NBN migration, and mobiles and transmission markets with special attention to regional and rural areas of Australia.

Other outputs

All other outputs in relation to the ACCC's telecommunications functions and powers are considered in this category, including strategic liaison and coordination of regulatory affairs.

3.2.2 Costs of the activity

The determination of the ACCC's telecommunications costs to be recovered under the ACLC is based on a cost allocation model. There has been no change in the methodology used to determine the costs from the previous financial year. Both direct and support (indirect) costs incurred by the ACCC in exercising its telecommunications functions and powers are captured by the model. Telecommunication activities are aligned to discrete cost centres to capture direct costs. Support costs are allocated using an appropriate cost driver (further detail on support costs is provided later in this section).

The activity costs produced by the ACCC's cost allocation model for 2021–22 are based on the cost of services in accordance with the ACCC's 2021–22 audited financial statements.

Delivery costs of the MBA program (*Cost Recovery Implementation Statement – Addendum: Measuring Broadband Australia program*) are provided in the 2017–18 ACLC CRIS available on the [ACMA website](#), and are not included in the ACLC cost calculations disclosed in Table 13 below. Supplier costs and overheads for that program are tracked separately and are disclosed in Attachment B. However, the following costs are applicable to the ACLC:

- > Staff working in the ACCC's telecommunications regulation function in 2018–19 incurred costs related to the MBA program's establishment and oversight, including the procurement process for an outsourced provider.
- > Responsibility for any investigative and regulation work resulting from the MBA program's findings will fall to ACCC staff as part of their business-as-usual telecommunications regulation function. These costs do not form part of the MBA program costs, instead they will be recovered through future ACLC attributable to paragraph 15(1)(b) of the Act.

Table 13 provides details for the direct and support costs that the ACCC proposes to include in its determination of costs for the purpose of paragraph 15(1)(b) of the Act.

Table 13: The ACCC's component at output level, 2022–23 (based on 2021–22 costs)

Output activity	Direct costs	Support costs	Total cost
Communications markets and advocacy	\$3,928,533	\$2,378,950	\$6,307,483
Mobiles, transmission and consumer (including NBN)	\$2,090,099	\$1,265,674	\$3,355,773
Other outputs	\$341,069	\$206,536	\$547,605
Total costs	\$6,359,701	\$3,851,160	\$10,210,861

Note: Sums may not add due to rounding.

Direct costs are those incurred directly by the ACCC's communications function housed within the ACCC's Infrastructure Regulation Division. These costs are attributed to discrete cost centres aligned with telecommunication output activities. They include staff salaries and other expenses, such as contractors, consultants, suppliers, travel and office consumables. An annual review of executive effort related to the telecommunications function provides a consistent approach for capturing costs into the allocation model. Note the Wireline Markets work was restructured across the 2 other functions during 2021–22 and is no longer captured separately as in previous years.

The support costs are those incurred by the ACCC's corporate divisions, including finance, human resources, legal, property, IT and regulatory. The costs include all support staff salaries and other expenses in relation to corporate support services (for example, consultancies, suppliers, depreciation and property/accommodation). These costs are allocated to activities using 3 cost drivers:

- > legal expenditure – allocates the in-house legal support function, based on a proportion of usage
- > non-legal expenditure – allocates corporate costs not easily attributed to usage or headcount (for example, executive governance, assurance and strategic support)
- > ASL – allocates overhead costs that are driven more by staffing than expenditure (for example, human resources, IT support and property costs).

The output costs reported in Table 13 reflect the cost objects captured at a lowest level by the ACCC. As an activity-based cost system is not used by the ACCC; these costs are captured at cost object level.

Table 14 sets out the allocation method to be applied by the ACCC to each of the corporate categories.

Table 14: Allocation of the ACCC's support costs

Category	Cost driver	Allocation method
Executive	Non-legal costs	Percentage allocation based on the proportion of the communications function component to the ACCC's operational divisions* component
Corporate management		
Corporate services		
Finance		
Strategic communications		
Information and technology	ASL	
Human resources		
Property		
Asset usage		
Legal	Legal costs	

*ACCC's operational divisions perform consumer and competition regulatory and enforcement functions.

The ACCC's costs to be determined for the 2022–23 ACLC (excluding the MBA program costs, which are discussed in Attachment B) have been calculated at \$10,210,861. This represents a \$650,227 (6.8%) increase from the previous year, largely driven by support costs associated with investment in the ACCC's ICT to stabilise its infrastructure and build analytical capabilities. Agency growth also increased need in our human resources function to support a larger workforce.

The access determination inquiry for the Mobile Terminating Access Service is conducted periodically, every 5 years. This determination inquiry last occurred in 2019–20, therefore consultancy costs are significantly lower in the subsequent years compared to 2019–20. The next access determination inquiry will occur in 2024–25.

Table 15: The ACCC's component for 2022–23 ACLC (based on 2021–22 costs) and 2021–22 ACLC (based on 2020–21 costs)

Costs	2022–23 ACLC	2021–22 ACLC	% change increase/ (decrease)
Employees	\$7,396,374	\$7,312,388	1.1%
Consultancy and travel	\$89,128	\$145,827	(38.9%)
Overheads	\$2,725,359	\$2,102,420	29.6%
Total costs	\$10,210,861	\$9,560,635	6.8%

Note: Sums may not add due to rounding.

3.3 Determination of cost component for the ITU activity

The information in this section has been provided by DITRDCA, setting out the cost-recovery model used for the calculation of relevant costs to be included in the ACMA's determination under paragraph 15(1)(c) of the Act.

3.3.1 Outputs and business processes of the activity

This cost component (determined by the ACMA under paragraph 15(1)(c) of the Act) represents the proportion of the Commonwealth's annual contribution to the ITU budget associated with telecommunications for the calendar year 2022. The applicable amount is determined using calculations provided by DITRDCA.

The ITU is the specialised United Nations agency responsible for international cooperation for the use of telecommunications and the radiofrequency spectrum. It establishes treaty agreements and recommends standards for telecommunications and radiocommunications (including satellite) services. There are 193 member states of the ITU and more than 900 non-government members. DITRDCA manages Australia's membership and engagement in the ITU. Australian organisations, both government and private, engage with the ITU. As the ITU forms part of the regulatory framework, it is appropriate to attribute ITU costs to the licensed carriers through the ACLC.

The ITU's work is carried out by 3 sectors:

- > Radiocommunication Sector (ITU-R) – manages the finite natural resources of the radiofrequency spectrum and satellite orbits.
- > Development Sector (ITU-D) – assists developing countries with information and communication technologies (ICTs), including promoting access to ICTs and actions that narrow the digital divide.
- > Telecommunication Standardisation Sector (ITU-T) – develops voluntary standards called ITU-T Recommendations.

The ITU is responsible for a number of treaties, including:

- > the ITU Constitution and Convention, which governs the organisation and its engagement
- > the Radio Regulations, which govern the use of radiofrequency spectrum
- > the International Telecommunication Regulations, which facilitate the interconnection of international telecommunication services.

3.3.2 Costs of the activity

The Commonwealth contributions to the ITU are paid by DITRDCA each year as appropriated through the budget process. The contribution for the 2022 calendar year was 4,725,000 Swiss francs, or A\$6,929,118, using the exchange rate at the time payment was made.

To determine the telecommunications component of the Commonwealth's 2022 contribution, the ACMA has, on advice from DITRDCA, considered ITU-T's share of the combined output costs for ITU-T and ITU-R. As outlined in Table 16, the cost component of the contribution associated with the ACLC is the ITU-T activities of A\$2,198,407. The decrease of 0.5% from the previous year can largely be attributed to the difference in the exchange rate at the time of payment.

Table 16 provides the comparison of ITU contributions for the 2021 and 2022 calendar years.

Table 16: Costs associated with ITU-T and ITU-R activities

	ITU-T	ITU-R	Total
	A\$	A\$	A\$
2022	2,198,407	4,730,711	6,929,118
2021	2,209,549	4,725,440	6,934,989
Increase/(decrease)	(0.50%)	0.11%	(0.08%)
Ratio 2022	31.73%	68.27%	
Ratio 2021	31.86%	68.14%	
	Swiss Francs	Swiss Francs	Swiss Francs
2022	1,499,104	3,225,896	4,725,000
2021	1,476,312	3,248,688	4,725,000
Increase/(decrease)	1.54%	(0.70%)	

3.4 Determination of cost component for the development or variation of consumer protection codes

3.4.1 Outputs and business processes of the activity

This component is determined by the ACMA under paragraph 15(1)(ca) of the Act. It represents the sum of the amounts paid under section 136C of the Telco Act during the immediately preceding financial year (the 2021–22 financial year). Section 136C of the Telco Act requires the ACMA (providing certain statutory preconditions are met) to make a payment on behalf of the Commonwealth to reimburse the costs incurred by a telecommunications industry body or association for the development or variation of an industry code (the output of this activity).

The industry body or association must first have obtained a declaration from the ACMA under section 136B of the Telco Act to be eligible to claim reimbursement of these costs and, within 2 years, provide a detailed claim for the code development or variation costs. The cost of the development or variation of an industry code is required to be verified by an independent auditor at the time the code or variation is submitted to the ACMA and must be assessed by ACMA as a reimbursable cost in accordance with the Telco Act before any payment is made.

Communications Alliance Ltd is an industry body that represents the telecommunications industry and develops codes as required. An industry body is only eligible to seek reimbursement for development or variation of consumer codes (that is, where industry codes wholly or mainly deal with matters relating to the relationship between carriage service providers and their retail customers). The industry codes are a key component of the co-regulatory approach to regulation in the telecommunications sector, which is intended to provide consumer protection in an efficient manner, with a low regulatory burden on industry. Industry codes, as a form of co-regulation, form part of the telecommunications regulatory framework and it is appropriate to attribute these costs to the licensed carriers through the ACLC.

3.4.2 Costs of the activity

No payments were made by the ACMA during the 2020–21 or 2021–22 financial years under section 136C of the Telco Act.

3.5 Determination of cost component for government grants for consumer representation and research

The information in this section has been provided by DITRDCA, setting out the cost-recovery model it has used to determine the costs.

3.5.1 Outputs and business processes of the activity

Under section 593 of the Telco Act, the minister, on behalf of the Commonwealth, has the power to make a grant of financial assistance to a consumer body for purposes in connection with the representation of the interests of consumers in relation to telecommunications issues. The total of the grants likely to be made for the 2022–23 financial year was determined by DITRDCA.

Since 2009–10, a grant has been provided to the Australian Communications Consumer Action Network (ACCAN). ACCAN is provided with around \$2 million per annum as part of a multi-year grant agreement until 31 June 2027. Milestone payments for completing each stage of the activity, as set out in the grant agreement, are made directly by DITRDCA as the Commonwealth delegate.

ACCAN represents consumer interests in telecommunications, conducts research on current and emerging issues, and disseminates educational material to consumers. ACCAN coordinates responses to government-initiated processes and conducts conferences and workshops. Consumer education and advocacy form part of the telecommunications regulatory framework and it is appropriate to attribute these costs to the licensed carriers through the ACLC.

ACCAN operates a competitive Independent Grants Program, which allows individuals and organisations to undertake research or representation projects in the interest of the telecommunications consumer. Further information can be obtained from [ACCAN's website](#).

3.5.2 Costs of the activity

The minister made a legislative instrument determining¹⁰ that an amount of \$2,435,000 was estimated to be paid in grants under section 593 of the Telco Act during the 2022–23 financial year. Due to the timing of ACCAN's deed renewal, it was unable to run its Independent Grants Program in 2022–23. As such, the funds allocated for the activity were rolled into 2023–24. A breakdown of the expected use of the grants by ACCAN as the likely recipient has been provided by ACCAN and is shown below in Table 17.

¹⁰ <https://www.legislation.gov.au/Details/F2023L00413>

Table 17: Consumer representation grant program

Expense	Cost (million)
Employee expenses	\$1.841
Administration expenses	\$0.199
Independent grants program research projects	\$0.359
Committee expenses, travel, accommodation	\$0.035
Total	\$2.435

3.6 Design of cost recovery charges

The ACLC is imposed as a levy, which is considered appropriate as it encompasses a number of regulatory and other activities that may not be easily or cost effectively attributed to individual licensed carriers and therefore translated into direct fees but can be attributed to the cost of regulation of the telecommunications industry as a group. The use of a carrier's eligible revenue to calculate the carrier's ACLC provides a reasonable reflection of effort and costs, and industry understands and accepts this methodology. Furthermore, the eligible revenue of licensed carriers is utilised for the calculation of the Telecommunications Industry Levy imposed under the *Telecommunications (Industry Levy) Act 2012* and assessed and collected by the ACMA in accordance with the TCPSS Act.

The ACMA is required by the 2017 Direction to ensure that the ACLC payable by any non-participating persons, as defined in the Telecommunications (Participating Persons) Determination 2015, is zero, effectively exempting such carriers from contributing to the costs of telecommunications regulations through the ACLC. Any change to this approach would require a change to the 2017 Direction or a change to the Telecommunications (Participating Persons) Determination 2015.

In accordance with the 2017 Direction, non-participating persons (generally, the smaller carriers) are required to be exempted from the liability to pay the ACLC. While the total ACLC includes costs that may be incurred in regulating non-participating persons, the ACMA estimates that the financial impact of exempting non-participating persons from the liability to pay the ACLC is insignificant.

Establishment of individual levy amounts

To ascertain the levy for liable individual licensed carriers, their 'eligible revenue', as assessed by the ACMA, is used as a basis for allocating the total ACLC, except for the amount attributable to the MBA program.

In order to establish the individual levy amount that relates to the MBA program, a portion of the ACCC's costs determined under paragraph 15(1)(b) of the Act has been allocated to individual liable carriers (that is, participating persons) on the basis of the number of NBN fixed-line connections operated by monitored service providers that are also participating persons. All the details, including the formula for the calculation of this component of the individual levy, are disclosed in section 3.2 of Attachment B.

The following formula is used for allocating the total charge (except the components of the overall charge applicable to the MBA program and the Consumer Safeguards Part A program) to individual liable carriers.

The formula allocates the total ACLC to the individual carriers, in the same proportion as their assessed eligible revenue bears to the total assessed eligible revenue of all participating persons:

$$(MCA - OTC) \times \frac{ER}{TER}$$

Where:

- > MCA is the maximum charge amount
- > OTC is the other telecommunications charges¹¹
- > ER is the individual carrier's eligible revenue for the 2021–22 financial year
- > TER is the total eligible revenue for the 2021–22 financial year.

The 'ER/TER' determines the individual proportion of the carrier's assessed eligible revenue relative to the total assessed eligible revenue for those carriers that are liable to pay the ACLC.

Consumer Safeguards Part A program¹²

The cost of performing this program forms part of the ACLC from the 2020–21 financial year, ongoing, and is included as a part of the ACMA's cost component determined under paragraph 15(1)(a) of the Act. The costs are recovered in arrears from those carriage service providers that are required to report under the RKR (that is, carriage service providers that were 'qualifying retail carriage service providers'¹³ during the relevant period) and are also carriers and participating persons.

For 2022–23, the methodology to apportion the Consumer Safeguards Part A program costs to the liable carriers that report under the RKR is based on each carrier's eligible revenue.

Accordingly, the following formula is applied to allocate the total cost of the Consumer Safeguards Part A program for the 2021–22 financial year to the individual qualifying retail carriage service providers. The formula allocates the cost in the same proportion as the qualifying retail carriage service provider's assessed eligible revenue bears to the total assessed eligible revenue of all qualifying retail carriage service providers (QRCSPs):

$$CSPA \times \frac{ER}{TERQRCSP}$$

Where:

- > CSPA is the cost of the Consumer Safeguards Part A program for the 2021–22 financial year
- > ER is the individual carrier and QRCSP's eligible revenue for the 2021–22 financial year
- > TERQRCSP is the total assessed eligible revenue of all QRCSPs (under the RKR) that were also participating persons for the 2021–22 financial year.

¹¹ This is the amount of the ACMA's costs for the immediately preceding financial year that is attributable to its telecommunications functions and powers but has been met from telecommunications charges other than the ACLC (see Attachment A). This amount also excludes the costs of activities prescribed under subsection 15(4) of the Act in relation to the Do Not Call Register and telemarketing activities.

¹² www.communications.gov.au/documents/part-complaints-handling-and-consumer-redress-consumer-safeguards-review-report-minister

¹³ The term 'qualifying retail carriage service provider' is defined in section 7 of the RKR.

The instrument that the ACMA has made under section 14 of the Act includes information that allows every carrier to determine the amount of carrier licence charge imposed on their carrier licence. In order to do so, having regard to the formula above, the determination made under section 14 of the Act:

- > specifies the CSPA program cost as a dollar amount
- > specifies the TERQRCSP as a dollar amount.

The ACMA specifies the amount of the CSPA (as per Table 9 of this CRIS) and TERQRCSP in a determination made under section 14 of the Act.

The names of the QRCSPs are also listed in the determination made under section 14 of the Act to readily determine the amount of ACLC payable by a carrier.

To establish the total individual levy amount payable by liable licensed carriers, the ACMA includes the above methodologies and the methodology for the MBA program set out in Attachment B in the instrument made under subsection 14(1) of the Act.

The summary of all components that are determined under paragraphs 15(1)(a) to 15(1)(d) of the Act (that is, sections 3.1, 3.2, 3.3, 3.4 and 3.5 in this CRIS and section 3.1 of Attachment B of this CRIS) are set out in Table 18.

Table 18: ACLC summary by cost component

Reference in the Act	Cost component	2022–23 ACLC actual ¹⁴
15(1)(a)	The ACMA's cost component (including costs of the Consumer Safeguards Part A program)	\$12,918,435
15(1)(b)	ACCC's cost component including the costs for the MBA program of \$1,837,902 (see section 3.2 of Attachment B of this CRIS)	\$12,048,763
15(1)(c)	Proportion of ITU contribution	\$2,198,407
15(1)(ca)	Costs for reimbursements of costs for the development or variation of consumer protection related industry codes paid under section 136C of the Telco Act	\$0
15(1)(d)	Government grants – consumer representation and research	\$2,435,000
Total		\$29,600,605

¹⁴ The Act requires the components under paragraph 15(1)(a), 15(1)(b) and 15(1)(ca) to be calculated on the costs that are incurred in the financial year immediately preceding the financial year (the 2020–21 financial year) for which the charges are imposed. The cost component under paragraph 15(1)(c) relates to the calendar year (the 2021 calendar year) in which the beginning of the financial year for imposing the ACLC occurs. The component under paragraph 15(1)(d) relates to the 2021–22 financial year.

4. Risk assessment

The ACMA has carried out a risk assessment for each cost component of the 2022–23 ACLC, resulting in an overall rating of medium. The individual ratings for each cost component are shown in Table 19 and are based on assessment of the criteria in the [Regulatory Charging Risk Assessment](#)¹⁵ (under 'Tools and templates').

Table 19: Risk ratings for ACLC components

Reference in the Act	Cost component	Risk rating
15(1)(a)	ACMA's cost component	Medium
15(1)(b)	ACCC's cost component	Medium
15(1)(c)	Commonwealth's ITU contribution	Medium
15(1)(ca)	Costs for reimbursement of costs for the development or variation of consumer protection related industry codes paid under section 136C of the Telco Act	Medium
15(1)(d)	Government grants – consumer representation and research	Medium
Overall rating		Medium

The risk rating of medium is based on assessment of the criteria in the Regulatory Charging Risk Assessment Template. There are no complexities associated with this charging regime as there are no changes to the existing cost-recovery arrangement from the previous year for the ACLC. The ACLC is being charged as a levy and does not require any new legislative changes, nor does it involve working with state, territory and/or local government entities.

For the MBA program, a risk rating is provided in section 4 of Attachment B.

¹⁵ Further information is available on p. 18 of the Department of Finance's [Australian Government Charging Framework](#).

5. Stakeholder engagement

The ACMA regularly consults with stakeholders about telecommunications regulatory matters. In 2021–22, the ACMA consulted on:

- > the ACLC for the 2020–21 financial year
- > standards and determinations
- > compliance priorities
- > exemptions
- > customer cabling
- > new rules to prevent phone scams
- > consumer protections and safeguards.

To maintain active involvement with industry, the ACMA published a consultation paper and a draft version of this CRIS on its website for a 4-week period from 18 September to 16 October 2023 for feedback. No submissions were received.

The ACCC advised that it has engaged with stakeholders through price-setting consultations and regulatory matters. The ACCC's key areas of engagement in 2021–22 included:

- > Consulting on new NBN Co regulatory framework, including industry roundtable and working groups.
- > Consulting on NBN SAU variation lodged in March 2022.
- > Updating explanatory material on non-discrimination provisions applying to NBN Co and other access providers.
- > Proposing changes to the Broadband Speed Claims Industry Guidelines to promote transparent information about upload speeds and fixed wireless speeds.
- > Releasing draft guidance on the carrier separation rules in Part 8 of the Telecommunications Act for consultation.
- > Promoting competition to ensure an efficiently functioning communications market.
- > Regulating access to certain telecommunications services including the superfast broadband access service and wholesale ADSL service.
- > Promoting competition through regulation of the NBN and encouraging transparency and appropriate consumer safeguards in the migration to the NBN.
- > Monitoring industry consolidation and the impact on competition within the communications market.

6. Financial estimates

Financial estimates for each component of the ACLC to be determined under section 15 of the Act for the 2022–23 financial year are provided in Table 20, along with forecasts over the next 3 years.

Table 20: Financial estimates by activity

Ref. in the Act	Component	2022–23 budget (\$million)	2022–23 revised budget (\$million)	2023–24 budget (\$million)	2024–25 budget (\$million)	2025–26 budget (\$million)
15(1)(a)	ACMA telecommunications expenses	14.522	13.597	13.141	13.141	13.141
15(1)(b)	ACCC telecommunications expenses	11.704	12.547	10.704	10.704	10.704
15(1)(c)	Commonwealth's ITU contribution	2.167	2.078	2.089	2.089	2.089
15(1)(ca)	Amounts reimbursed to industry groups for development or variation of consumer protection-related industry codes	0.300	0.300	0.300	0.300	0.300
15(1)(d)	Estimated government grants – consumer representation and research	2.435	2.488	2.624	2.721	2.784
Total expenses		31.128	31.010	28.858	28.955	29.018
15(1)(a)	ACMA telecommunications expenses	14.564	12.918	13.597	13.141	13.141
15(1)(b)	ACCC telecommunications expenses	9.861	10.211	12.547	10.704	10.704
15(1)(c)	Commonwealth's ITU contribution	2.167	2.078	2.089	2.089	2.089
15(1)(ca)	Amounts reimbursed to industry groups for development or variation of consumer protection-related industry codes	0.300	0.300	0.300	0.300	0.300
15(1)(d)	Estimated government grants – consumer representation and research	2.435	2.488	2.624	2.721	2.784
Total revenue		29.327	27.995	31.157	28.955	29.018
Balance		(1.801)	(3.014)	2.299	0.000	0.000

The cost components recovered through the ACLC revenue are determined in accordance with the Act. The Act requires the components under paragraph 15(1)(a), 15(1)(b) and 15(1)(ca) to be calculated on the costs that are incurred in the financial year immediately preceding the financial year for which the ACLC is imposed. As a result, the revenues for 15(1)(a), 15(1)(b) and 15(1)(ca) are based on the previous year's expenditure. Under the Act, the cost component under paragraph 15(1)(c) relates to the calendar year in which the beginning of the financial year for imposing the ACLC occurs. In order to translate the expenditure incurred in the calendar year to the respective fiscal year, an average expenditure of 2 consecutive calendar years is used. This creates a lag in recognising the revenue, which can result in a surplus or deficit balance (that is, a timing difference) for each financial year.

Section 2.1 of this CRIS notes that the government has provided \$3.7 million, which was reduced from \$7.2 million appropriated in the 2019–20 Budget to the ACMA for the delivery of the telecommunications Consumer Safeguards Part A program.¹⁶ The estimated costs of these activities have been incorporated in the ACMA's expected telecommunications functions costs and revenue components above.

The forecasts for the ACCC do not include any expenditure or revenue from the MBA program. These have been disclosed separately in Attachment B in this document. The increase in forecast expenditure in 2022–23 reflects a one-off funding increase for the 12-month regional mobile infrastructure inquiry. The revised budget for 2022–23 also reflects increased employee and general support costs.

The forecast increases in the grant for consumer representation and research reflect indexation movements.

¹⁶ www.budget.gov.au/2019-20/content/bp2/index.htm

7A. Financial performance

Table 21 lists historical actual financial results for ACLC for the 2021–22 financial year and previous financial years.

Table 21: Historical ACLC expenses and revenue

Ref. in the Act	Component	2021–22 (\$million)	2020–21 (\$million)	2019–20 (\$million)	2018–19 (\$million)	2017–18 (\$million)
15(1)(a)	ACMA telecommunications expenses	12.918	14.943	14.390	13.319	13.398
15(1)(b)	ACCC telecommunications expenses (including the costs for the MBA program since 2017–18)	12.049	11.201	12.623	11.878	13.296
15(1)(c)	Commonwealth's ITU contribution	3.465	3.153	2.149	2.030	2.004
15(1)(ca)	Amounts reimbursed to industry groups for development or variation of consumer protection related industry codes	0.000	0.000	0.165	0.000	0.000
15(1)(d)	Estimated government grants – consumer representation and research	2.381	2.358	2.322	2.296	2.261
Total expenses		30.813	31.655	31.649	29.523	30.959
15(1)(a)	ACMA telecommunications revenue	14.943	14.390	13.319	13.398	14.304
15(1)(b)	ACCC telecommunications revenue (including the revenue for the MBA program since 2017–18)	11.201	12.623	11.878	13.296	13.109
15(1)(c)	Commonwealth's ITU contribution	3.043	2.332	2.109	2.149	2.004
15(1)(ca)	Amounts reimbursed to industry groups for development or variation of consumer protection-related industry codes	0.000	0.165	0.000	0.000	0.000
15(1)(d)	Estimated government grants – consumer representation and research	2.381	2.358	2.322	2.296	2.261
Total revenue		31.568	31.868	29.628	31.139	31.678
Balance		0.755	0.213	(2.021)	1.616	0.719

Note: The revenues for 15(1)(a), 15(1)(b) and 15(1)(ca) are based on the previous year's expenditure. The revenue for 15(1)(c) is derived by averaging the expenditure for the year in which the charges are made and the previous year. The revenue for 15(1)(d) is based on the same year's expenditure. Further details appear in section 6.

As the ACLC is set on an annual basis, the actual costs of activities are ascertained before they translate into the charges for the applicable period. This reduces the risk of over- or under-recovery from the telecommunications industry. The balance reflects the surplus or deficit that occurred due to the lag between the actual expenses incurred and the recognition of the corresponding revenue, as noted in section 6 above.

The decrease in the ACMA's expenditure in the 2021–22 financial year is explained in section 3.1.1.

The increase in the ACCC's expenditure for the 2021–22 financial year is explained in section 3.2.2.

7B. Non-financial performance

The ACMA's cost component

The ACMA's performance measures for its deliverables for telecommunications services are provided in Table 22.

Table 22: Deliverables and performance indicators

Deliverable	KPI
The activity-based costing model is updated annually.	Regulatory costs are reviewed and independently audited prior to charging.
Enforcement action is commensurate with realised or potential harm and incentivises improved compliance.	Ensure effective telecommunications safeguards are maintained by a graduated and strategic risk-based approach to enforcement, recognising that the primary focus in enforcement action is to help regulated entities achieve ongoing compliance with their obligations.
Our research capability will enhance our understanding of the industries that we regulate and the regulatory environment to support better decision-making.	The ACMA is informed by research and environmental scanning.

The ACMA's vision and strategic priorities are outlined in its [2021–22 corporate plan](#) and its activities and performance for the financial year are recorded in the [2021–22 annual report](#).

The ACCC's cost component

The ACCC is responsible for the economic regulation of the communications sector, which includes:

- > assessing and enforcing terms of access to the NBN in an SAU from NBN Co
- > assessing and enforcing Telstra's SSU and plan to migrate its customers to the NBN
- > setting wholesale prices and terms of access for declared services
- > monitoring and reporting on prices and competition in the communications sector
- > investigating claims of anti-competitive conduct in the communications sector.

The ACCC advises that its performance measures for these deliverables include:

- > completing inquiries within statutory timeframes that promote the long-term interests of end-users and consumers and are reflected by stakeholders' perceptions
- > providing monitoring reports to government and the public
- > improving the efficient operation of communication markets by enforcing industry-specific competition and market rules in a manner that is recognised by stakeholders.

ITU contribution

As the ITU is responsible for the International Telecommunication Regulations, its main deliverables are to promote international cooperation, collaboration and regulation as appropriate, and to support domestic priorities in the telecommunications industry, so that industry, business and government can effectively engage in the international telecommunications landscape.

Government grants – consumer representation and research

Section 593 of the Telco Act enables the minister to make grants of financial assistance to consumer bodies to support consumer representation in the telecommunications sector and to persons or bodies in connection with research into the social, economic, environmental, or technological implications of developments.

ACCAN has been the sole recipient of the grant since 2009–10 and is expected to continue to be given this financial assistance to enable it to conduct activities necessary for an effective peak communications consumer advocate, including representation, research, consumer education and participation in self-regulatory activities.

ACCAN also operates a competitive independent grants program, which allows individuals and organisations to undertake research or representation projects in the interest of the telecommunications consumer.

8. Key forward dates and events

Reflecting the annual nature of the ACLC, the CRIS is updated each year. The key forward events and dates for the ACLC process for the 2023–24 financial year are provided in Table 23.

Table 23: Key forward dates and events

Key events	Date
Update of forward estimates	October 2024
Update of actual costs	October 2024

9. CRIS approval and change register

Table 24: Change register

Date	Description	Approved by	Comments
17 November 2023	Approval of the 2022–23 CRIS	Minister for Communications	
27 October 2023	Certification of the 2022–23 CRIS	ACMA Chair	
18 September to 16 October 2023	Consultation for 4 weeks on the 2022–23 draft CRIS	ACMA Authority	
26 April 2023	Approval of the 2021–22 CRIS	Minister for Communications	
28 March 2023	Certification of the 2021–22 CRIS	ACMA Chair	
16 December 2022 to 3 February 2023	Consultation for 7 weeks on the 2021–22 draft CRIS	ACMA Authority	
23 September 2022	Approval of the 2020–21 CRIS	Minister for Communications	
18 August 2022	Certification of the 2020–21 CRIS	ACMA Chair	
5 April 2022 to 2 May 2022	Consultation for 4 weeks on the 2020–21 draft CRIS	ACMA Authority	
7 June 2021	Approval of the 2019–20 CRIS	Minister for Communications, Urban Infrastructure, Cities and the Arts	
24 May 2021	Certification of the 2019–20 CRIS	ACMA Chair	
29 March 2021	Consultation for 4 weeks in the 2019–20 draft CRIS	ACMA Authority	
26 November 2019	Approval of the 2018–19 CRIS – Version 5.1	Minister for Communications, Cyber Safety and the Arts	
30 October 2019	Certification of the 2018–19 CRIS – Version 5.1	ACMA Chair	
22 July 2019	Consultation for 4 weeks on the 2018–19 draft CRIS – Version 5.0	ACMA Authority	

Date	Description	Approved by	Comments
13 December 2018	Approval of the 2017–18 CRIS – Version 4.1	Minister for Communications and the Arts	
8 November 2018	Certification of the 2017–18 CRIS – Version 4.1	ACMA Chair	
12 April 2018	Consultation for 6 weeks on the 2017–18 draft CRIS – Version 4.0	ACMA Authority	
17 July 2017	Approval of the 2016–17 CRIS – Version 3.1	Minister for Communications and the Arts	
29 June 2017	Certification of the 2016–17 CRIS – Version 3.1	ACMA Acting Chair	
18 April 2017	Consultation for 4 weeks on the 2016–17 draft CRIS – Version 3.0	ACMA Authority	
30 May 2016	Approval of the 2015–16 CRIS – Version 2.0	Minister for Communications and the Arts	
18 May 2016	Certification of the 2015–16 CRIS – Version 2.0	ACMA Acting Chair	
24 June 2015	Approval of the 2014–15 CRIS – Version 1.0	Minister for Communications	
29 May 2015	Certification of the 2014–15 CRIS – Version 1.0	ACMA Chair	

Attachment A: Telecommunications activities not included in the ACLC

Smartnumbers allocation activities

The costs associated with the allocation of smartnumbers in the numbering system are not recovered from industry on the basis that these costs would be offset by allocation proceeds, except for a registration charge, which is cost-recovered on a fee basis for the use of the numbering system.

Anti-spam and e-security activities

Costs associated with anti-spam activities carried out in accordance with the *Spam Act 2003* and e-security activities are considered not appropriate to recover from telecommunications carriers, as the direct beneficiaries are the members of the public.

Do Not Call Register and telemarketing-related activities

In accordance with subsection 15(4) of the Act, the activities conducted under the *Do Not Call Register Act 2006* and the *Telecommunications Act 1997*, to the extent that they relate to telemarketing, do not form part of the ACMA's telecommunications functions and powers for the purposes of the Act.

Public information activities

The costs of consumer awareness information and activities are considered to be more appropriately met through budget funding.

Other telecommunications activities

The following activities are delivered on a fee-for-service basis or recovered through taxation:

- > carrier licence applications
- > nominated carrier declaration licence applications
- > numbering applications for allocation of geographic numbers
- > numbering applications for allocation of numbers charged under the *Telecommunications (Numbering Charges) Act 1997*
- > submarine cable installation permit applications
- > connection permit applications.

Attachment B: Cost Recovery Implementation Statement – Measuring Broadband Australia program

1. Introduction

1.1 Purpose of the Cost Recovery Implementation Statement

This addendum to the Annual Carrier Licence Charge (ACLIC) Cost Recovery Implementation Statement (CRIS) provides information on how the Australian Communications and Media Authority (ACMA) incorporates the portion of the Australian Competition and Consumer Commission's (ACCC) costs, which are determined under paragraph 15(1)(b) of the Act that relate to its Measuring Broadband Australia (MBA) program. This addendum is required as the method for recovering the MBA program costs differs from that used to recover the costs of other activities funded via the ACLIC. Accordingly, the information in this CRIS addendum has been provided by the ACCC.

This statement reports financial performance for 2018–19 to 2021–22 financial years and contains financial forecasts for the 2022–23 financial year and 4 forward years (financial years 2022–23 to 2025–26).

1.2 Background and description of activity

Under the *Telecommunications (Carrier Licence Charges) Act 1997* (the Act), the ACLIC is used to fund the exercise of the ACMA's and ACCC's telecommunications functions and powers, the Commonwealth's contribution to the International Telecommunication Union (ITU), the amount reimbursed for the development or variation of industry codes under Part 6 of the *Telecommunications Act 1997* (Telco Act) and relevant telecommunications grants made by the former minister for Communications, Urban Infrastructure, Cities and the Arts. Costs associated with the MBA program are included in the ACCC's determination of its costs under paragraph 15(1)(b) of the Act and are therefore to be recovered via the ACLIC, consistent with the ACCC's functions of monitoring the telecommunications industry and promoting competition and consumer benefits.

The MBA program monitors National Broadband Network (NBN) fixed-line services provided by carriers and carriage service providers with significant market presence, including resellers (which currently represent less than 15% of NBN fixed-line access connections).

The key output of the MBA program is public reporting of objective and reliable information about the performance and reliability of fixed-line broadband services to inform consumers.

Consistent with the Australian Government Charging Framework 2015 and the Act, costs of the MBA program will be recovered in arrears from monitored carriers via the ACLIC.

For more information about the MBA program, please refer to the [ACCC website](#).

1.3 Stakeholders

The key stakeholders are the ACCC, and telecommunications carriers, carriage service providers, industry bodies (for example, Communications Alliance), consumers and consumer bodies – for example, the Australian Communications Consumer Action Network (ACCAN).

2. Policy and statutory authority to undertake cost recovery

2.1 Government policy approval to recover costs

The activities undertaken under the MBA program form part of the ACCC's statutory responsibilities of monitoring industry and providing information to consumers.

In April 2017, the government announced the introduction of the MBA program, administered by the ACCC.¹⁷ Funding of \$7.0 million over 4 years (to 2020–21) was provided to the ACCC to establish the MBA program as part of the 2017–18 Budget.¹⁸

As part of the 2020–21 Budget, further funding of \$7.7 million over 4 years was provided by the government to continue and extend the MBA program. Fixed wireless broadband services will now be included in the program to ensure consumers in additional regional and emerging market segments can make informed choices about broadband services. The program will also be expanded to monitor non-NBN networks as well as new higher speed services and support for access to business applications. The expected MBA program expenditure over the next 4 years has been reflected in Table B2.

The ACMA's role is to administer the cost recovery for the MBA program as part of the existing ACLC cost-recovery process, which commenced from the 2018–19 financial year.

2.2 Statutory authority to impose cost-recovery charges

Section 12 of the Act imposes an annual charge on carrier licences that are in force at the beginning of a financial year (1 July 2022 for the purposes of this CRIS).

Subsection 14(1) of the Act specifies that the amount of the charge to be imposed on a carrier licence is the amount ascertained in accordance with a written determination made by the ACMA.

Subsection 15(1) of the Act requires that the total of the charges that are imposed on carrier licences in force at the beginning of a financial year must not exceed the sum of the cost components identified in paragraphs 15(1)(a) to 15(1)(d) of the Act (see Table B1).

The ACCC's determination in relation to the costs described in paragraph 15(1)(b) of the Act, relates to the ACCC's telecommunications powers and functions. The ACCC will incorporate the relevant costs applicable to the MBA program. Further information on the contribution of the MBA program to these cost components is provided in Section 3.1 (below).

¹⁷ Australian Competition and Consumer Commission (2017), *ACCC to monitor Australia's broadband performance*, www.accc.gov.au/media-release/accc-to-monitor-australias-broadband-performance.

¹⁸ Portfolio Budget Statements 2017–18 Budget Related Paper No. 1.16 Treasury Portfolio, <https://static.treasury.gov.au/uploads/sites/1/2017/06/PBS-2.pdf>, p. 83.

All determinations will be registered on the Federal Register of Legislation and commence before the invoices for the ACLC are sent by the ACMA to the licensed carriers who are liable to pay the charge.

Table B1: Structural components of the ACLC applicable to MBA program

Reference in the Act	Cost component
15(1)(a)	Not applicable – ACMA’s cost component
15(1)(b)	The ACCC’s cost component – this is to incorporate relevant costs applicable to the MBA program
15(1)(c)	Not applicable – Commonwealth’s contribution to the International Telecommunication Union (ITU)
15(1)(ca)	Not applicable – reimbursement of cost of developing or varying consumer protection-related industry codes
15(1)(d)	Not applicable – government grants – consumer representation and research

3. Cost-recovery model

There are 5 distinct activities (cost components) that are included in the total amount of the ACLC and levied on carrier licences on an annual basis. The ACCC’s cost component under paragraph 15(1)(b) of the Act (see below) includes an additional cost for its telecommunications functions relating to the administration of the MBA program for the 2019–20 to 2025–26 financial years.

3.1 Determination of cost component under paragraph 15(1)(b) of the Act – the ACCC’s MBA-related activities

3.1.1 Outputs and business processes of the activity

This component represents the ACCC’s costs incurred during the 2021–22 financial year in delivering the MBA program that are attributable to its telecommunications functions and powers. While the ACCC has a range of telecommunications functions and powers, any outputs of business processes that do not map directly to the MBA program delivery are not included in determining this cost component.

The delivery of the MBA program is underpinned by a number of key business processes, the cost of which is to be charged to industry. These processes include:

- > recruitment of potential participants and selection of participants receiving broadband services matching those the ACCC has chosen to include in its reporting (for example, certain combinations of broadband technology, retail service providers and speed tier¹⁹).
- > distribution and management of monitoring devices.
- > collection of NBN fixed-line speed and reliability data from approximately 3,600 volunteers across different service providers and different retail offerings.
- > analysis of test results to determine speed and reliability and identify causes of performance issues.
- > regular publication of detailed real-world performance (speed/reliability) data.

¹⁹ Speed tier refers to the NBN speed option being used to provide the volunteer’s broadband service (for example, 12/1 Mbps, 25/5 Mbps), being a speed tier that the ACCC has chosen to include in its reporting.

The cost of these charges to industry will be calculated annually by the ACCC and is included in its paragraph 15(1)(b) determination so that it can be recovered through the existing ACLC charging framework.

3.1.2 Costs of the activity

The primary cost drivers for the MBA are:

- > purchase and distribution of monitoring devices (one per monitored service)
- > maintenance of test servers
- > maintenance and/or replacement of testing devices as needed.
- > recruitment and maintenance of volunteer base
- > establishment and operation of testing servers and system, including software, hosting and bandwidth charges.
- > production of quarterly and other reports based on the MBA program data.

Table B2 provides details of the ACCC’s MBA program expenses by financial year for the next 4 years. This includes an update to the 2021–22 budget profile related to the initial MBA program, and the expected expenditure profile for the program continuation and extension from 1 July 2022.

Table B2: The ACCC’s anticipated program expenses

Expense	Budget 2022–23 (\$million)	Budget 2023–24 (\$million)	Budget 2024–25 (\$million)	Budget 2025–26 (\$million)
MBA program budgeted expenses	2.052	1.963	1.811	0.000

Costs associated with ACCC project, contract management and publishing of results is not cost-recovered under the MBA program. Instead, these costs are recovered through the ACLC component (other than the MBA program costs) attributable to paragraph 15(1)(b) of the Act.

The ACCC’s paragraph 15(1)(b) component for the MBA program for the 2022–23 ACLC, representing the costs incurred during 2021–22, has been calculated at \$1,837,902 (Table B3). The budget for 2021–22 was \$2,141,736 and, therefore, the cost of providing MBA services was \$303,834 less than expected. The ACCC still aims to finish budget neutral by the end of the program extension. The revised budget profile has been presented in Table B2.

Table B3: The ACCC’s cost component for the MBA program.

Costs	2022–23 ACLC (based on 2021–22 costs)	2021–22 ACLC (based on 2020–21 costs)	% change*
MBA program expenses	\$1,837,902	\$1,640,116	12.1%

*Increase/(decrease).

3.2 Design of cost recovery charges

The portion of the efficient costs of the program to be cost recovered (as opposed to the proportion of costs that are absorbed) are to be levied on the carriers whose services are subject to testing via the program (that is, they are the recipients of the activity) through the ACLC calculation, for the duration of that testing. Note that this includes levying both retail carriers whose own retail services are being monitored,

and wholesale carriers where their reseller's retail services are being monitored. In accordance with the calculation of the ACLC levy, and the 2017 Direction, non-participating persons (that is, the smaller carriers) within the meaning of the Telecommunications (Participating Persons) Determination 2015 must be exempted from the liability to pay any ACLC, including any costs associated with the MBA program.

The cost imposed on a carrier via the ACLC for the MBA program is calculated according to the following formula:

$$APC \times \frac{FLC}{TFLC}$$

Where:

- > APC is the MBA annual program costs, incurred by the ACCC, during the financial year as determined by the ACCC as part of its paragraph 15(1)(b) determination.
- > FLC is the total number of NBN fixed-line connections operated by the monitored service provider that is also a participating person in a test segment during the financial year.
- > TFLC is the total number of NBN fixed-line connections operated by all monitored service providers that are also participating persons.

The MBA program provides information about a variety of monitored 'test segments', namely fixed-line NBN connection classes each comprising an access technology and/or by speed tier. Annual MBA program costs are allocated to each carrier based upon the volume of fixed-line NBN connections that they acquired in the relevant period within these 'test segments', expressed as a proportion of the total number of such connections acquired by all monitored service providers that are also participating persons.

The number of NBN fixed-line connections in any financial year will be established based on NBN's quarterly reporting to the ACCC on the number of fixed-line NBN connections.

Partial-year participation in the MBA program will be charged on a pro-rata basis on the number of quarters in which monitoring occurs. It is not anticipated that monitoring of providers will change within a given financial year, however, this methodology accommodates new NBN service provider entrants.

Invoicing for the charging activity will occur in accordance with existing ACLC arrangements.

4. Risk assessment

A risk assessment has been completed for each component of the MBA program cost recovery, resulting in an overall risk rating of medium, with the following individual ratings for each cost component set out in Table B4 below.

Table B4: Risk ratings for MBA cost recovery

Risk factor	Rationale for risk rating	Risk rating
What is the change in annual cost-recovery revenue for the activity?	Resulting change to total ACLC of greater than 10%	Medium
What is the expected change in total annual revenue after the proposed changes?	Total annual cost recovery of less than \$10 million	Low
What does the policy proposal or change in the cost-recovered activity involve?	Change in the level of existing cost-recovery charges	Low
What type of cost-recovery charges will be used?	Fees and levies	Medium
What legislative requirements are necessary for the imposition of cost-recovery charges?	Does not involve primary legislation but does involve the making of subordinate legislation	Low
Does the proposal involve working with other Commonwealth, state/territory and/or local government entities?	Involves only Commonwealth entities	Low
What will be the expected impact of cost recovery on payers?	The additional cost imposed by the program is low	Low
What consultation has occurred with payers and other stakeholders about the cost recovery?	Consulted – no issues raised	Low
Overall rating		Medium

The overall risk rating is based on assessment of the criteria in the [Regulatory Charging Risk Assessment Template](#) (accessed under 'Tools and templates'). Due to an overall risk rating of medium²⁰, this CRIS can be approved by the responsible minister to commence charging and does not require approval from the Finance Minister.

5. Stakeholder engagement

In August 2013, the ACCC released a consultation paper, *Broadband Performance Monitoring and Reporting in the Australian Context*. The paper outlined the policy rationale for the MBA program, noted similar international examples and sought views on questions of methodology and the reporting approach.

²⁰ Overall risk rating is determined according to the formula published at www.finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework/charging-activities.

The consultation produced a range of views from stakeholders. Support for the development of measurement tools and other technologies to better inform the consumer was expressed by ACCAN, Choice, Google and NBN Co Limited (NBN Co).

A number of stakeholders, including Telstra, Optus and AAPT indicated that they would like greater clarity on the ACCC policy objectives and raised concerns around certain features of the proposed program. In particular, Communications Alliance expressed strong doubts that consumers want or would benefit from the information that the program would produce.

All submitters expressed a strong preference to remain engaged with the ACCC over the further development of the program. The ACCC provided an open letter in response to submissions in October 2013, expanding on its policy objectives and responding to issues raised in the stakeholder submissions.

Following the release of the open letter, the ACCC conducted a 'closed' consultation process from December 2013 through March 2014. This gave key industry stakeholders the chance to discuss their views with the ACCC in more detail and to provide further input on specific issues associated with the design and implementation of the proposed MBA program.

The ACCC subsequently released a [position paper](#) in June 2014 that outlined the proposed program specifications taking into account previous consultations and introduced the pilot MBA program. The pilot was conducted over a period of 3 months from March to May 2015.

In September 2015, the ACCC released a [report](#) on the results from the pilot program and noted that further consideration and consultation was needed to determine which funding model would receive support and cooperation.

Following the government's decision to proceed with the MBA program in April 2017, the ACCC published a request for tender on AusTender on 30 May 2017. The competitive open tender to appoint a testing provider closed on 26 June 2017. The tender was conducted in accordance with Commonwealth government procurement policy and rules. The ACCC will also engage in a competitive open tender to appoint a testing provider for the MBA program extension.

The former Department of Communications and the Arts consulted with both industry and government bodies and informed these parties that it was proposed that funding would be recovered through the ACLC.

A draft CRIS addendum was published on the ACMA's website for a 6-week period from 16 April 2018 for public comment.

On 7 and 8 December 2017, the ACCC hosted 2 briefings delivered by the successful testing provider, SamKnows for industry participants including key retail service providers and their representative bodies. During the workshop SamKnows representatives delivered detailed presentations covering the technical aspects of the program and the testing methodologies.

The ACCC published its first MBA report in March 2018. The release of the report was preceded by an industry briefing involving carriers covered by the report as well as other stakeholders. The last report published during the 2019–20 financial year was in May 2020. All published reports are located on the [MBA website](#).

In 2020, the ACCC undertook a [review of the effectiveness of the MBA program](#). The review was undertaken in consultation with DITRDCA. The consultation paper was shared with a range of nominated stakeholders for their comment during October and November 2020. A public consumer survey was also undertaken on the ACCC consultation hub.

Submissions were received from key stakeholders including Telstra, Optus, NBN Co, Communications Alliance and a number of consumer advocates.

The review demonstrated that the program had met its objectives and strongly contributed to improving competition and consumer outcomes in broadband markets. Consumer advocates expressed support for the expansion of the program to benefit consumers outside of the NBN fixed-line footprint. Submissions also identified a number of improvements and enhancements to the program to ensure it continues to provide reliable, informative and timely data to the market. Following the Australian Government’s decision to extend the program, the ACCC is continuing to engage with stakeholders to implement improvements and to expand the scope of the program to NBN fixed wireless and non-NBN networks.

The ACCC engaged with industry stakeholders in early 2023 via the ACMA’s 2021–22 ACLC CRIS consultation process on issues including cost transparency, testing device deployment and the appropriateness of program cost allocations. The Communications Alliance also submitted that the ACCC should conduct a review of the program one year after its renewal.

The ACCC noted the transparency provided by the annual CRIS process, and that the program is running in line with its budget and is expected to be budget neutral at its conclusion following changes in the sequencing of budgeted activities. The ACCC also noted that it is working with service providers to expand panels, focusing on admitting new volunteers that add value to the program.

The ACCC referred to its 2020 review of the program, which found it to be effective and meeting its objectives. The ACCC noted that any further review of the program should occur towards the scheduled end of the program.

6. Financial estimates

Financial estimates for the cost of providing the MBA program for the financial year 2021–22 and 3 forward years are provided in Table B5.

Table B5: Financial performance and estimates by activity

Component	2018–19 actual (\$million)	2019–20 actual (\$million)	2020–21 actual (\$million)	2021–22 actual (\$million)	2022–23 budget (\$million)	2023–24 budget (\$million)	2024–25 budget (\$million)
MBA program expenses	1.702	1.599	1.640	1.838	2.052	1.963	1.811
ACLC revenue	1.532	1.702	1.599	1.640	1.838	2.052	1.963
Balance	(0.170)	0.103	(0.041)	(0.198)	(0.214)	0.089	0.152
Cumulative balance	(1.702)	(1.599)	(1.640)	(1.838)	(2.052)	(1.963)	(1.811)

These costs will be recouped through the ACLC, which is determined by the ACMA under section 14 of the Act. These charges are levied in the financial year after the financial year in which the costs are incurred, resulting in a deficit equal to the previous financial year's expenses being carried forward.

Overall, the MBA program is expected to finish budget neutral. The administrative costs associated with implementing the MBA program will not be cost recovered using the formula set out at section 3.2 of this Attachment B, but instead is captured in the component of the ACLC determined under paragraph 15(1)(b) of the Act, using the formula based on the eligible revenue set out at section 3.6 of the CRIS.

7A. Financial performance

The MBA program's financial year results for 2018–19 to 2021–22 are reported in Table B5.

Following the approach for all the cost components recovered through the ACLC, the MBA program expenses are also set on an annual basis. This means the actual costs of activities are ascertained before they translate into the charges for the applicable period. This reduces the risk of over or under-recovery from the telecommunications industry.

7B. Non-financial performance

The MBA program's activities and outputs for 2021–22 included:

- > Four quarterly monitoring reports, including longitudinal and time series data, urban/regional comparison and additional metrics such as support for video streaming on fixed wireless plans.
- > Trans-Tasman comparison report in conjunction with the New Zealand Commerce Commission.
- > Conclusion of the tender process and re-appointment of SamKnows as the program's testing provider.
- > Growth in panel sizes and expansion into new reporting segments including other superfast networks and additional retailers.

Tables B6 and B6A provide comparisons between forecast and actual monitoring device deployment. The device deployments lagged in 2017–18 because of the longer than expected start-up phase of the MBA program and delays in the NBN rollout. The latter required the program to delay device deployments to achieve a representative sample on the newer access technologies and later release sites.

Table B6: The ACCC's device deployment profile (actual)

Details	2017–18	2018–19	2019–20	2020–21	2021–22
Original forecast of total number of measurement devices deployed	2,500	3,300	3,800	>=4,000	5,000
Actual total number of measurement devices deployed	1,200	2,100	2,483	3,088	3591
Variation	(1,300)	(1,200)	(1,317)	(912)	(1,409)

Table B6A: The ACCC’s device deployment profile (forecast)

Details	2022–23	2023–24	2024–25	2025–26
Original forecast of total number of measurement devices deployed	5,500	5,500	5,500	5,500
Actual total number of measurement devices deployed	To be reported	To be reported	To be reported	To be reported
Variation	To be reported	To be reported	To be reported	To be reported

The ACCC publishes reports of MBA program results on its website – [Measuring Broadband Australia program](#) and [broadband performance data](#). Further non-financial performance data will be included in future CRIS documentation.

8. Key forward dates and events

Reflecting the annual nature of the ACLC, the CRIS for the MBA program costs will also be updated each year. The key forward events and dates for the ACLC process for the 2022–23 financial year are provided below in Table B7.

Table B7: Key forward dates and events

Key events	Date
Update of forward estimates	By July 2024
Update of actual costs	By July 2024

Glossary

2017 Direction	Australian Communications and Media Authority (Annual Carrier Licence Charge) Direction 2017
ABM	activity-based management
ACCAN	Australian Communications Consumer Action Network
ACCC	Australian Competition and Consumer Commission
ACLIC	Annual Carrier Licence Charge
ACMA	Australian Communications and Media Authority
ACMA Act	<i>Australian Communications and Media Authority Act 2005</i>
APC	annual program costs by financial year
ASL	average staffing level
CRIS	Cost Recovery Implementation Statement
CSP	carriage service provider
CSPA	Consumer Safeguards Part A program cost
DITRDCA	Department of Infrastructure, Transport, Regional Development and Communications and the Arts
ER	eligible revenue
FLC	total number of NBN fixed-line connections operated by the monitored service provider in a test segment
Guidelines	Australian Government Cost Recovery Guidelines (RMG 304)
ICT	information and communication technology
IPND	Integrated Public Number Database
IT	information technology
ITU	International Telecommunication Union
ITU-D	International Telecommunication Union – Development Sector
ITU-R	International Telecommunication Union – Radiocommunication Sector
ITU-T	International Telecommunication Union – Telecommunication Standardization Sector
MBA program	Measuring Broadband Australia program
MCA	maximum charge amount
NBN	National Broadband Network
NBN Co	NBN Co Limited
OTC	other telecommunications charges
RKR	Telecommunications (Consumer Complaints) Record-Keeping Rules 2018
RSP	retail service provider
SAU	special access undertaking
SIO	services in operation
SSU	structural separation undertaking
TCPSS Act	<i>Telecommunications (Consumer Protection and Service Standards) Act 1999</i>

Telco Act	<i>Telecommunications Act 1997</i>
TER	total eligible revenue
TERQRCSP	total assessed eligible revenue of all qualifying retail carriage service providers
TFLC	total number of NBN fixed-line connections operated by all monitored service providers
the Act	<i>Telecommunications (Carrier Licence Charges) Act 1997</i>
TIO	Telecommunications Industry Ombudsman

Attachment C: ACLC for 2022–23

Item	Carrier name	Eligible revenue 2021–22	ACLC 2022–23 (excl MBA and Consumer Safeguards Part A program)	Eligible revenue 2021–22 for allocating Consumer Safeguard Part A cost	ACLC 2022–23 Consumer Safeguards Part A program	Fixed-line connections 2021–22	ACLC 2022–23 MBA program	Total ACLC 2022–23
1	AARNet Pty Ltd	\$54,764,165	\$59,435					\$59,435
2	Aussie Broadband Limited	\$129,925,061	\$141,006	\$129,925,061	\$5,392	\$515,987	\$118,827	\$265,226
3	Iridium Australia Licensee Pty Limited	\$27,733,264	\$30,099					\$30,099
4	Macquarie Technology Operations Pty Limited	\$87,128,623	\$94,560					\$94,560
5	Nextgen Networks Pty Limited	\$86,238,850	\$93,594					\$93,594
6	NBN Co Limited	\$4,110,035,315	\$4,460,580					\$4,460,580
7	O3b Teleport Services (Australia) Pty Ltd	\$65,693,673	\$71,297					\$71,297
8	Optus Fixed Infrastructure Pty Limited	\$14,497,495	\$15,734					\$15,734
9	Optus Mobile Pty Limited	\$4,171,385,861	\$4,527,163	\$4,171,385,861	\$173,123	\$1,180,341	\$271,822	\$4,972,108
10	Optus Satellite Network Pty Limited	\$155,052,966	\$168,277					\$168,277
11	Over the Wire Pty Ltd	\$41,701,918	\$45,259					\$45,259
12	Pivotel Group Pty Ltd	\$45,342,885	\$49,210					\$49,210

Item	Carrier name	Eligible revenue 2021–22	ACLCL 2022–23 (excl MBA and Consumer Safeguards Part A program)	Eligible revenue 2021–22 for allocating Consumer Safeguard Part A cost	ACLCL 2022–23 Consumer Safeguards Part A program	Fixed-line connections 2021–22	ACLCL 2022–23 MBA program	Total ACLCL 2022–23
13	Primus Telecommunications Pty Limited	\$192,517,971	\$208,938	\$192,517,971	\$7,990			\$216,928
14	Skiron OpCo Pty Limited	\$603,855	\$655					\$655
15	Superloop (Australia) Pty Ltd	\$81,077,123	\$87,992			\$171,587	\$39,515	\$127,507
16	Swoop Telecommunications Pty Ltd	\$29,900,616	\$32,451					\$32,451
17	Telstra Corporation Limited	\$12,083,376,936	\$13,113,968	\$12,083,376,936	\$501,490	\$3,569,445	\$822,012	\$14,437,470
18	Telstra Multimedia Pty Limited	\$106,585,052	\$115,676					\$115,676
19	TPG Telecom Limited	\$2,871,297,276	\$3,116,190	\$2,871,297,276	\$119,166	\$1,949,422	\$448,935	\$3,684,291
20	UEComm Operations Pty Limited	\$31,642,303	\$34,341					\$34,341
21	Uniti Group Limited	\$162,094,057	\$175,919	\$162,094,057	\$6,727			\$182,646
22	Victorian Rail Track	\$54,053,976	\$58,664					\$58,664
23	Vocus Fibre Pty Ltd	\$228,330,646	\$247,805			\$593,994	\$136,792	\$384,597
Totals		\$24,830,979,887	\$26,948,814	\$19,610,597,163	\$813,888	\$7,980,776	\$1,837,902	\$29,600,605