

Cost Recovery Implementation Statement

Do Not Call Register 2020–21: subscription fees effective from 1 October 2021

SEPTEMBER 2021

Canberra

Red Building
Benjamin Offices
Chan Street
Belconnen ACT

PO Box 78
Belconnen ACT 2616

T +61 2 6219 5555
F +61 2 6219 5353

Melbourne

Level 32
Melbourne Central Tower
360 Elizabeth Street
Melbourne VIC

PO Box 13112
Law Courts
Melbourne VIC 8010

T +61 3 9963 6800
F +61 3 9963 6899

Sydney

Level 5
The Bay Centre
65 Pirrama Road
Pyrmont NSW

PO Box Q500
Queen Victoria Building
NSW 1230

T +61 2 9334 7700
F +61 2 9334 7799

Copyright notice

<https://creativecommons.org/licenses/by/4.0/>

With the exception of coats of arms, logos, emblems, images, other third-party material or devices protected by a trademark, this content is made available under the terms of the Creative Commons Attribution 4.0 International (CC BY 4.0) licence.

We request attribution as © Commonwealth of Australia (Australian Communications and Media Authority) 2021.

All other rights are reserved.

The Australian Communications and Media Authority has undertaken reasonable enquiries to identify material owned by third parties and secure permission for its reproduction. Permission may need to be obtained from third parties to re-use their material.

Written enquiries may be sent to:

Manager, Editorial Services
PO Box 13112
Law Courts
Melbourne VIC 8010
Email: info@acma.gov.au

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	3
3. Cost recovery model	4
3.1 Outputs and business processes of the activity	4
3.2 Methodology	4
3.3 Cost of the activity	4
3.4 Fees for the activity	6
4. Risk assessment	10
5. Stakeholder engagement	11
6. Financial estimates	12
7A. Financial performance	14
7B. Non-financial performance	15
8. CRIS approval, certification and change register	16

1. Introduction

1.1 Purpose of the Cost Recovery Implementation Statement

This Cost Recovery Implementation Statement (CRIS) provides information about how the Australian Communications and Media Authority (ACMA) implements cost recovery for the operation of the Do Not Call Register (the register).

This CRIS provides the basis for engagement with stakeholders on the fees the ACMA sets for the register. It reports the past financial performance of the register, including the costs and revenues for 2020–21 in line with the requirements of the [Australian Government Charging Framework](#), and provides estimates for the financial years 2021–22, 2022–23 and to the anticipated end of the contract in 2023–24.

1.2 Background and description of activity

The ACMA is a statutory authority with regulatory responsibilities for broadcasting, radiocommunications, telecommunications, unsolicited communications and some internet content. Under the [Do Not Call Register Act 2006](#) (the Act), the ACMA is responsible for establishing and overseeing the operation of the register, which includes determining the subscription fees for industry to access the register.

To opt-out of receiving unsolicited telemarketing calls and marketing faxes, Australian numbers can be placed on the register if they are:

- > used primarily for private or domestic purposes
- > used or maintained exclusively for transmitting and/or receiving faxes
- > used or maintained exclusively for use by a government body
- > an emergency service number.

Since 31 May 2007, non-exempt telemarketing has been prohibited from being made to any number on the register. On 30 May 2010, the Act was amended to allow fax, emergency service and government numbers to be listed. To avoid calling numbers on the register, telemarketers and fax marketers can check, or ‘wash’¹, calling lists against the numbers on the register.

The ACMA has outsourced the operation of the register. Since the inception of the register, the ACMA has entered into 2 contracts with external service providers. The first was with Service Stream Solutions Pty Ltd from February 2007 to September 2015, with a contract value of \$24.7 million over 8 years.

The second contract with Salmat Digital Pty Ltd commenced in September 2014, with register operations commencing in September 2015, for a contract value of \$15.9 million over 5 years of register operations (with options to extend up to a total of 8 years).

In January 2020, the contract was novated to IVE Group Australia Pty Ltd. In July 2020, a contract extension of one year was negotiated with IVE, taking the contract to September 2021. The value of the contract was \$17.8 million for the 6 years of operations, with the option to extend for 2 further years until September 2023. In August 2021, the ACMA exercised the 2-year extension option, increasing the value of the contract by \$4.2 million to \$22 million.

¹ ‘Washing’ is a term used to describe the process where access seekers upload and check numbers against the register within the secure environment of the register. Access seekers submit a list of numbers to the register and the washed list is returned with registered numbers identified for privacy reasons.

At establishment of the register, the Australian Government allowed partial cost recovery of the direct costs of operating the register. Then, from 1 July 2008, the government required industry users of the register to fully fund the direct cost of its operation. To ensure that the activity is operating on a full cost recovery basis, the ACMA regularly compares subscription fee revenue with the direct costs of operating the register.

1.3 Stakeholders

The key stakeholders are organisations that engage in telemarketing and fax marketing activities. These range from large telemarketing organisations that engage in telemarketing on behalf of other organisations, to telecommunications carriers, financial and banking institutions, specialist marketing list re-sellers, travel agents and small businesses that seek business by telemarketing and fax marketing.

Telemarketers and fax marketers who want to avoid calling numbers on the register can create an 'access seeker' account and purchase a subscription to check calling lists against the numbers on the register.

As of 30 June 2021, the register had 662 active access seeker accounts.

2. Policy and statutory authority to undertake cost recovery

2.1 Government policy approval to recover costs

The [Explanatory Memorandum for the Do Not Call Register Bill 2006](#) noted the establishment of an 'opt-out' register and that ongoing funding for the register functions would be partially cost-recovered from the telemarketing industry.

In the 2006–07 Budget, the government provided \$33.1 million over 4 years (and ongoing for forward years) to establish and maintain a Do Not Call Register containing numbers that telemarketers must not contact, with certain public interest exceptions. It was anticipated that approximately \$15.9 million of this allocation would be recovered over 4 years (and ongoing over forward years) from the telemarketing industry through the payment of fees to access the register.

In the [2008–09 Budget](#), the government agreed that the telemarketing industry would be required to fund the full operational costs of the register by increasing annual subscription fees from 1 July 2008. Previously, the telemarketing industry was only required to fund part of the direct operating costs of the register. This provided savings to government of \$4.2 million over 4 years.

In the [2009–10 Budget](#), the government provided a further \$4.7 million over 4 years (and ongoing for forward years) to extend the register and allow the registration of all Australian telephone (excluding business numbers) and fax numbers on the register. Of this amount, \$3.5 million over 4 years (and ongoing over forward years) was to be recovered from the telemarketing and fax marketing industries.

As an outcome of the Communications Portfolio Charging Review in the financial year 2014–15, the government reconfirmed the appropriateness of the cost recovery arrangement for the register operations.

2.2 Statutory authority to impose cost recovery charges

Section 21 of the Act gives the ACMA the power to make a determination that makes provisions for and in relation to either, or both, of the following:

- (a) fees payable for services provided under subsection 19(2) of the Act
- (b) refunds of fees for those services.

Subsection 19(2) of the Act sets out services that must be provided by the ACMA (or its contracted service provider) if the industry access seeker has paid the applicable fee. Services include, for example, checking the numbers on the access seeker's list against the Australian numbers on the register.

The [Do Not Call Register \(Access Fees\) Determination 2017](#) (the determination) was made by the ACMA under subsection 21(1) of the Act. It sets the fees payable by access seekers to the register and how those fees are to be paid. The fees payable are set using the [Australian Government Cost Recovery Guidelines](#).

Together with consulting on this CRIS, the ACMA has also consulted on an amendment to the determination to increase fees from 1 October 2021.

3. Cost recovery model

3.1 Outputs and business processes of the activity

The register provides a service for those making unsolicited telemarketing calls or sending unsolicited marketing faxes to wash their calling lists against numbers on the register. The washed list is returned with numbers identified as either registered or not registered.

The register is a mix of services, operations and technologies. The register business processes include:

- > a call centre with IT support
- > a customer management system
- > a dedicated website
- > a financial system for account management
- > 4 distinct washing channels.

3.2 Methodology

In reviewing the modelling, the ACMA has considered the current cost-recovery policy of promoting consistent, transparent and accountable charging for government activities and the proper use of public resources. In 2020–21 there has been no change in the methodology used and the model remains consistent with the Australian Government Cost Recovery Guidelines and the Australian Government Charging Framework.

Since 2006, the ACMA has engaged external economic consultants² to assist it with the development, review and maintenance of the cost recovery and subscription fee models used to set access fees for the register.

3.3 Cost of the activity

The ACMA maintains separate financial records for the register to identify the direct costs associated with its operation. The calculation of the direct costs is carried out through a costing model specifically set up for this purpose.

3.3.1 Costs excluded

In calculating the total estimated direct cost-recoverable over the years, the following were excluded:

- > procurement costs of a new register operator and transition from the former operator (totalling \$1.0 million)
- > establishment costs for the new register operator to build its register systems (totalling \$3.6 million) in 2015
- > ACMA staff costs incurred for procurement and transition to a new register operator and the establishment of a new register in 2015
- > costs related to the novation of the register contract to IVE Group in January 2020
- > costs for upgrading the level of security provided for register systems and data in 2021

² In 2006, Access Economics Pty was engaged to develop and maintain the original subscription fee model. ACIL Allen Consulting Pty Ltd provided this service from 2016 to 2020. HoustonKemp Pty Ltd reviewed and updated the model in 2021.

- > costs for the ACMA's regulatory functions in monitoring and enforcing compliance with the Act, for example, investigating complaints or taking enforcement action
- > costs of consumer education activities related to the register.

3.3.2 Costs included

The following direct costs are included in the cost recovery model:

- > **contractor costs** – made up of contract fees paid to the service provider for the direct operation of the register
- > **ACMA staff costs** – related to management of the register contract, project management of changes to IT and or register services, developing and reviewing register website content, management of budgets and cost recovery, and the administration of access seeker accounts, invoices, payments, refunds, enquiries, data analysis and washing
- > **consultant costs** – for modelling services provided for the determination of fees
- > **other costs** – which relate primarily to the payment system, banking gateway, domain names and certificates, post office box and phone line rental.

Table 1 below summarises the actual direct costs associated with operating the register by each of the components above between 2017–18 and 2020–21, as well as the estimated costs for 2021–22.

Table 1: Actual and estimated direct operating costs of the register since 2017–18

Direct costs	Actual 2017–18 (\$m)	Actual 2018–19 (\$m)	Actual 2019–20 (\$m)	Actual 2020–21 (\$m)	Estimate 2021–22 (\$m)
Contractor	1.69	1.73	1.77	1.7	1.61
ACMA staff	0.37	0.38	0.38	0.35	0.33
Consultants	0.01	0.01	0.01	0.01	0.01
Other	0.03	0.02	0.02	0.02	0.02
Total	2.10	2.13	2.17	2.07	1.97

Calculation of costs

Contractor costs for 2020–21 were made up of contract fees of \$1.70 million. This was a decrease of 4% from 2019–20. The decrease resulted from changes to contract costs effective from September 2020 following the end of the initial 5-year contract period, and the negotiation of lower fees for a one-year contract extension to September 2021 ([AusTender CN3668479-A2](#)).

The ACMA expects additional decreases in contract fees for 2021–22 and 2022–23 following an anticipated extension of the register contract with the current provider. The ACMA has estimated contractor costs in its cost recovery model to be \$1.61 million in 2021–22, reflecting expected efficiencies and lower costs flowing from planned IT infrastructure upgrades by the provider.

ACMA staff time allocated to the management of the register contract and other related activities decreased in 2020–21 from the previous year, with costs totalling \$0.35 million – the equivalent of 1.2 staff costed at an hourly rate of \$202. For 2021–22, the ACMA estimates the cost of this component will be \$0.33 million for 1.1 staff at an hourly rate of \$202. The estimated allocation of 1.1 staff to register activities from 2021–22 will be the lowest since the start of the operation of the register in 2007 and reflects the ongoing expected efficiencies gained in the management of a mature scheme.

Consultant costs represent a minor but important cost component. The ACMA engages external economic experts to review and update the ACMA's cost recovery and subscription fee models used to determine the level of fees. In 2020–21, the cost of this component was \$0.01 million, with the ACMA using a competitive panel procurement process to engage HoustonKemp to undertake this work.

Other costs relate primarily to bank charges, merchant fees, telephony and line rental charges, domain names and certificates, and post office box rental.

3.4 Fees for the activity

The costs of maintaining the register are directly related to the service being provided to individuals or organisations wanting to check numbers against the register. For this reason, subscription fees are set to recover the direct costs of operating the register.

In 2006, the ACMA engaged Access Economics to assist with the development of the original subscription fee model. HoustonKemp reviewed and updated the model in 2021. Under the model, there are 8 annual subscription types to choose from. The type of subscription purchased entitles the telemarketer or fax marketer to submit a specified maximum quantity of numbers, ranging from 500 to 100 million, for checking against the register during a 12-month period.

In determining the subscription fees, the likely demand for subscriptions is forecast based on historical demand and demand driver analysis. The forecasts comprise 2 components:

- > performing a trend analysis from historical transaction data
- > setting a positive or negative growth rate for each type of subscription for each month in out years.

The likely demand for subscriptions and the total cost to recover from industry are then inserted into the subscription fee model. The model determines the amounts the subscription fees must be set at (by type) to generate sufficient subscription fee revenue to cover the direct operating costs of the register from industry access seekers.

Where applicable, over- or under-recovery of costs from previous periods are also considered when determining the subscription fees.

The impact of COVID-19

There is more than a year's worth of subscription demand data since the start of the COVID-19 pandemic.³ Year-on-year growth rates for total subscriptions were compared over the 12 months from March to February for each year between 2018 and 2021 to attempt to understand the potential impact of the pandemic (see Table 2).

For the twelve months up to March 2021, that is, the first year impacted by COVID-19, the rate of decline for small subscriptions (types A to D) increased compared to the preceding 12-month period. We anticipate these escalated rates of decline will not be sustained in the long-run and should have limited bearing on subscription demand forecasts moving forward. This is supported by the most recent 6 months of subscription data showing much lower rates of decline in demand. This indicates that placing too much weight on demand data impacted by COVID-19 may lead to under-estimation of true demand for subscriptions. For this reason, demand forecasts for subscription types use the average actual yearly growth rate for the 2 years to February 2020.

Large subscription purchases (types E to H) have remained relatively steady since 2016 and did not appear to be greatly impacted by the effects of COVID-19. As such, the 13 months between

³ Global and nationwide restrictions were generally instigated in March 2020, which implies subscription data from then should reflect any COVID impacts. It is noted that restrictions saw many call centres domestically and internationally close for a period of months. ACMA market data indicates the industry has bounced back quickly in late 2020 and 2021.

February 2020 and February 2021 were considered when forecasting the demand for the larger subscription types.

Table 2: Impact of COVID-19 on demand and forecast growth rate of demand

Type	No. of washes	Year ended Feb 2018	Year ended Feb 2019	Year ended Feb 2020	Year ended Feb 2021*	Forecast 2021–23
A	500	-27%	3%	-17%	-24%*	-7%
B	20,000	-11%	-27%	-6%	-21%*	-16%
C	100,000	-25%	-14%	-15%	-29%*	-14%
D	1,000,000	-16%	13%	-16%	-34%*	-1%
E**	10,000,000	5	5	8	6	6
F**	20,000,000	0	0	0	0	0
G**	50,000,000	0	0	1	2	1
H**	100,000,000	3	3	2	3	3

* Excluded from demand forecasts.

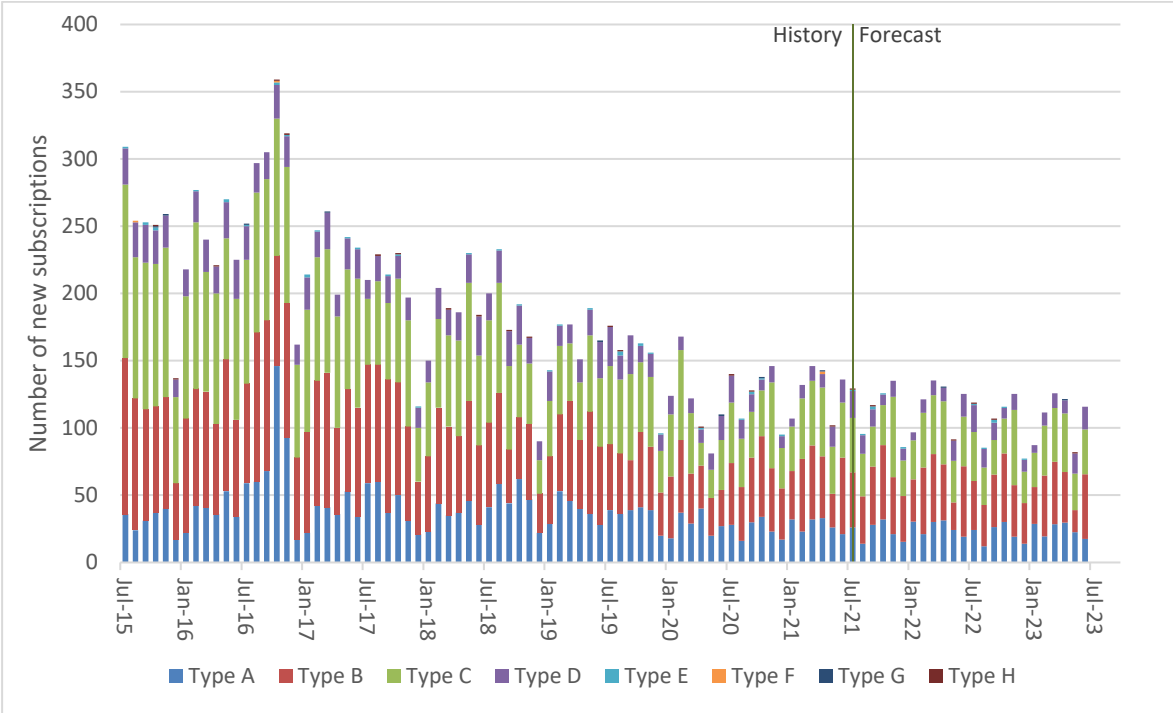
** Due to small number of subscriptions historical and forecast demand reported by number of subscriptions.

Source: HoustonKemp.

Table 3: Historical and forecast demand for each subscription type

Type	No. of washes	Demand						
		2016–17	2017–18	2018–19	2019–20	2020–21	Forecast 2021–22	Forecast 2022–23
A	500	2,409	1,168	507	385	315	292	273
B	20,000	1,029	850	667	490	552	497	447
C	100,000	1,117	779	630	545	496	447	406
D	1,000,000	261	231	246	192	145	144	143
E	10,000,000	9	4	5	8	5	6	6
F	20,000,000	1	0	0	0	2	0	0
G	50,000,000	2	0	1	1	2	1	1
H	100,000,000	2	4	2	3	3	3	3
Total		4,830	3,036	2,058	1,624	1,520	1,390	1,279
Total less Type As		2,421	1,868	1,551	1,239	1,205	1,098	1,006

Figure 1: Historical and forecast demand for each subscription type since 2021



Source: HoustonKemp.

Calculation of fees

The model uses 3 main inputs to determine the subscription fees:

- > the estimated demand for subscriptions by type
- > the total direct operating costs to recover in a given financial year
- > an ‘economies-of-scale’ adjustment applicable to higher level subscription types.

Based on the inputs, the model identifies a set of fees that, when applied to the estimated subscription demand, achieves a total subscription fee revenue amount (on an accrual basis) as close as possible to the total direct operating costs the ACMA is seeking to recover in the financial year concerned.

Accrued revenue for a subscription type spreads total revenue equally over 12 months. This has been done to reflect the typical usage profile of an annual list-washing subscription.

The subscription fee model adopted the following key charging structure characteristics based on the full direct operating cost-recovery regime:

- > The pricing structure assumes a fixed subscription fee, which allows the telemarketer or fax marketer to wash a certain quantity of numbers against the register. Any demand for washing above the maximum limit of the subscription will require another subscription to be purchased.
- > Individuals or businesses that engage in telemarketing and/or fax marketing and would like to test the washing service before purchasing a subscription, may take out a subscription Type A without having to pay a fee.
- > When a telemarketer or fax marketer pays the subscription fee, it is entitled to a quantity of numbers (depending on the subscription type) to be submitted for washing during a 12-month period.
- > No GST is payable on the subscription fees.

Based on the inputs discussed above, subscription fees will need to increase by 11% in 2021–22 from 1 October 2021 to recover direct costs.

Table 4: Subscription fees historical, current and future

Type	No. of wash credits	Current fees			New fees from 1 October 2021			
		2017–18 to current	\$ per 1,000 numbers	Discount per number washed*	From 1 October 2021	% increase	Price per 1,000 numbers washed	Discount per number washed*
A	500	\$0	\$-	0%	\$0	-	\$0	0%
B	20,000	\$113	\$5.65	0%	\$126	11	\$6.29	0%
C	100,000	\$525	\$5.25	7%	\$585	11	\$5.85	7%
D	1,000,000	\$4,540	\$4.54	20%	\$5,058	11	\$5.06	20%
E	10,000,000	\$38,310	\$3.83	32%	\$42,682	11	\$4.27	32%
F	20,000,000	\$63,850	\$3.19	43%	\$71,136	11	\$3.56	43%
G	50,000,000	\$95,775	\$1.92	66%	\$106,703	11	\$2.13	66%
H	100,000,000	\$127,700	\$1.28	77%	\$142,271	11	\$1.42	77%

* Discounts apply for larger subscription types compared to a Type B subscription.

4. Risk assessment

The ACMA mitigates the risks associated with the management of the cost-recovery activities applicable to the register by:

- > analysing risks
- > using risk-control strategies
- > reviewing processes regularly and acting because of those reviews.

In accordance with the [Australian Government Charging Framework](#), ACMA has undertaken a [Charging Risk Assessment](#), resulting in a risk rating of 'medium' for 2020–21 – see Table 5 below.

Table 5: Charging risk ratings

Assessment component	Implementation risk	Risk rating
What is the proposed change in annual cost recovery revenue for the activity?	11% increase in access fees	High
What is the total proposed annual cost recovery revenue for the activity?	Less than \$10m	Low
What does the policy proposal or change in the cost-recovered activity involve?	Change in level of existing charges	Low
What type of cost recovery charges will be used?	Fees	Medium
What legislative requirements are necessary for imposition of cost recovery charges?	Amend determination (access fees)	Low
Does the proposal involve working with other Commonwealth, state/territory or local government entities?	No	Low
What will be the expected impact of cost recovery on payers?	Increase in fees due to decreasing usage and few payers	Medium
What consultation has occurred with payers and other stakeholders about the proposed cost recovery?	Public and targeted consultation and contact with payers and other stakeholders	Low
Overall rating		Medium

Forecasting

Estimating future revenue and demand over the longer term is a key risk. The ACMA uses its data to forecast expected demand for the register from telemarketers and fax marketers. To date, this has been informed by independent consultants engaged by the ACMA that have also assisted with the review and periodic updating of the subscription fee model. HoustonKemp updated the model with monthly data to the end of June 2021. The ACMA will continue to monitor demand.

5. Stakeholder engagement

The ACMA sought the views of access seekers and other industry stakeholders on this CRIS and a draft amendment to the Do Not Call Register (Access Fees) Determination proposing an 11% increase in subscription fees via a public and targeted consultation process. Public consultation ran between 30 July 2021 and 20 August 2021. The ACMA received 2 submissions as part of that process – one from an access seeker and the other from the Association for Data-driven Marketing & Advertising (ADMA).

Submissions

The submission from an access seeker objected to the proposed (or any) increase in fees, noting that since the establishment of the register the numbers available to be called had reduced by 60%, creating a disincentive for telemarketers to wash or rewash numbers against the register. The submitter objected to the ACMA wanting to 'charge more to receive less in an ever-spiralling system' and noted telemarketers would wash even less through the register because the arrangements have impacted and altered telemarketing business models, which are finding higher washing costs harder to justify.

The submission from ADMA noted a proposal to increase fees allows ACMA to meet its requirements to fully fund the direct costs associated with running the register and the methodology in the CRIS explains how the ACMA established that an 11% increase in fees is required to offset the downward revenue trend due to a decline in demand. ADMA acknowledged that the ACMA has tried to minimise the increase in costs borne by subscribers.

However, ADMA believes that a sudden increase of 11% is very high, is not in line with standard Australian inflation rates, and will be an unexpected and sudden burden on business if introduced on 1 October 2021. Furthermore, the cost increase is coming at a time when business is already dealing with the negative financial situation brought about by a global pandemic.

ADMA also believes that the burden of cost increase will ultimately be borne by only a few responsible marketers as others will have the maturity, means and options to either reduce telemarketing and fax marketing in their marketing mix, or will be able to obtain the required direct consent to avoid having to use the register. This is because the Act provides an exemption where consent has been obtained and mature marketers will likely have more sophisticated systems in place to manage and obtain the right consent directly, so they won't need to incur the 11% price increase in access fees. To this group of marketers, access to the DNCR will be an option rather than a mandatory need. This will likely contribute to the cycle of declining demand leading to increased pricing and the burden of cost increase will ultimately be borne by only a few responsible marketers.

Noting the submissions, the ACMA considers a flat 11% increase across all subscription types is necessary to be compliant with Australian Government Charging Framework. The ACMA considers, that given the downturn in register demand and revenue is a longer-term trend, deferring or not applying the 11% price increase now will result in larger price increases being required in coming years to recover costs of operating the register, which would have a greater impact on stakeholders. The ACMA notes prospect of fee increases has been signalled in previous CRIS processes.

6. Financial estimates

Financial estimates for the operation of the register for the financial years 2019–20, 2020–21 and 3 forward years are provided below.

Table 6 sets out financial estimates for expenses and accrued revenues based on no change in subscription fees. Table 7 sets out the estimates based on an 11% increase in fees.

Table 6: Expenses and revenue estimates – no change in subscription fees

	Actual 2019–20 (\$m)	Actual 2020–21 (\$m)	Estimate 2021–22 (\$m)	Estimate 2022–23 (\$m)	Estimate* 2023–24 (\$m)
Expenses = X	2.17	2.07	1.97	1.95	0.49
Revenue = Y	2.14	1.82	1.79	1.61	0.65
Balance = Y – X	-0.03	-0.25	-0.19	-0.33	0.16
Cumulative balance	0.31	0.06	-0.13	-0.46	-0.30

**Estimates are based on modelling to end of the end of the current contract in September 2023 (assuming all extension options are executed).*

Table 7: Expenses and revenue estimates: 11% increase to subscription fees from 1 October 2021

	Actual 2019–20 (\$m)	Actual 2020–21 (\$m)	Estimate 2021–22 (\$m)	Estimate 2022–23 (\$m)	Estimate* 2023–24 (\$m)
Expenses = X	2.17	2.07	1.97	1.95	0.49
Revenue = Y	2.14	1.82	1.83	1.79	0.72
Balance = Y - X	-0.03	-0.25	-0.14	-0.16	0.24
Cumulative balance	0.31	0.06	-0.08	-0.24	0.00

**Estimates are based on modelling to the end of the end of the current contract in September 2023 (assuming all extension options are executed).*

Material variance

Expenses in 2020–21 decreased from 2019–20 due to changes to contract costs effective from September 2020 following the end of the initial 5-year contract period and negotiation of lower fees for a one-year contract extension to September 2021. Further decreases in contract fees for 2021–22 and 2022–23 are expected following a further planned extension of the register contract, with the current provider due to expected efficiencies and lower costs flowing from planned IT infrastructure upgrades by the provider.

While expenses are estimated to decrease in the forward years, demand for subscriptions is also expected to continue to decline (see Table 2 and Figure 1), impacting revenues. The modelling forecasts continued decline in the growth rate of subscription demand. The rate of decline varies in degree depending on the subscription type (Figure 1). The downward revenue trend due to decline in demand is expected to be offset by the increase in fees by 11%.

Impact on balance management strategy

In 2020–21, the costs of the register were under-recovered by \$0.25 million. This was offset by the historical cumulative over-recovery balance of \$0.31 million. Looking forward and assuming no

increase in fees, the ACMA estimates an under-recovery of \$0.19 million in 2021–22 and \$0.33 million in 2022–23, resulting in a cumulative under-recovery of \$0.46 million at 30 June 2023 and of \$0.30 million at the end of the current contract in September 2023 (assuming all extension options are executed). The increase in fees targets a cost neutral position at the end of the current contract.

Noting the uncertainty surrounding the impact of COVID-19 on business operations and the continued trend towards consent-based marketing, the ACMA will closely monitor revenue trends over the next 12 months to manage potential under- or over-recoveries, before undertaking the annual cost recovery review for the 2022–23 financial year.

7A. Financial performance

Table 8 shows the actual direct costs of operating the register, compared to the associated accrued subscription fee revenue since the commencement of the register.

Table 8: Table 6: Historical expenses and revenue

	2007–14 (\$m)	2014–15 (\$m)	2015–16 (\$m)	2016–17 (\$m)	2017–18 (\$m)	2018–19 (\$m)	2019–20 (\$m)	2020–21 (\$m)
Expenses = X	18.21	2.54	2.34	2.32	2.10	2.14	2.17	2.07
Revenue = Y	18.85	2.73	2.23	2.01	1.95	2.22	2.14	1.82
Balance = Y - X	0.64	0.18	-0.11	-0.31	-0.15	0.08	-0.03	-0.25
Cumulative balance	0.64	0.82	0.71	0.40	0.25	0.34	0.31	0.06

Material variance

Expenses for 2020–21 reduced from the previous financial year, as the contract costs decreased following the end of the initial 5-year contract period and negotiation of lower fees for a one-year contract extension to September 2021.

The downturn in register demand and revenue is a longer-term trend and may reflect several changes for the sector, including:

- > movement from telemarketing to other forms of marketing
- > increased use of consent-based calls that are not required to be washed
- > increased use of digital channels/platforms
- > cost of telemarketing, including high labour costs in call centres
- > impact of disruptive technologies (for example, artificial intelligence, chatbots, live chat on websites).

Additionally, an ACMA-conducted industry survey and consultations have identified several aspects of the register that have an impact on demand, including:

- > the quantity of numbers on the register
- > permanent registration
- > reduced number churn – that is, numbers on the register were unlikely to have been removed after the enactment of permanent registration in 2015.

7B. Non-financial performance

The ACMA's non-financial performance is available through published annual reports, Portfolio Budget Statements, the Regulatory Performance Framework and corporate plans.

A range of performance indicators was used in 2020–21 to measure the ACMA's performance in regulating unsolicited communications. These include:

- > register services being available for at least 99% of the scheduled hours
- > unsolicited communications investigations being completed within 6 months
- > relevant investigation outcomes being published on the ACMA's website.

8. CRIS approval, certification and change register

Certification

I certify that this CRIS complies with the Australian Government Cost Recovery Guidelines.

Nerida O'Loughlin PSM

Chair and Agency Head

Table 9: Change register

Date of CRIS change	Description of CRIS change	Approver	Basis for change
26 September 2021	Approval to the CRIS Version 7.0	The Minister for Communications, Urban Infrastructure, Cities and the Arts	Annual CRIS update
8 September 2021	Certification of the CRIS Version 7.0	Chair and Agency Head	Annual CRIS update
24 November 2020	Certification of the CRIS Version 6.0	Chair and Agency Head	Annual CRIS update
13 December 2019	Certification of the CRIS Version 5.0	Chair and Agency Head	Annual CRIS update
9 July 2018	Certification of the CRIS Version 4.0	Acting ACMA Chair and Agency Head	Annual CRIS update
26 June 2017	Approval to the CRIS Version 3.0	The Minister for Communications	Annual CRIS update
15 May 2017	Certification of the CRIS Version 3.0	ACMA Chairman	Annual CRIS update
18 August 2016	Certification of the CRIS Version 2.0	ACMA Chairman	Annual CRIS update
30 July 2014	Agreement to the CRIS Version 1.0	The Minister for Communications	Annual CRIS update
27 June 2014	Certification of the CRIS Version 1.0	ACMA CEO	Annual CRIS update