

AUSTRALIAN COMMUNICATIONS  
AUTHORITY



## **AUSTRALIAN COMMUNICATIONS AUTHORITY**

### Section 1: Overview, variations and measures

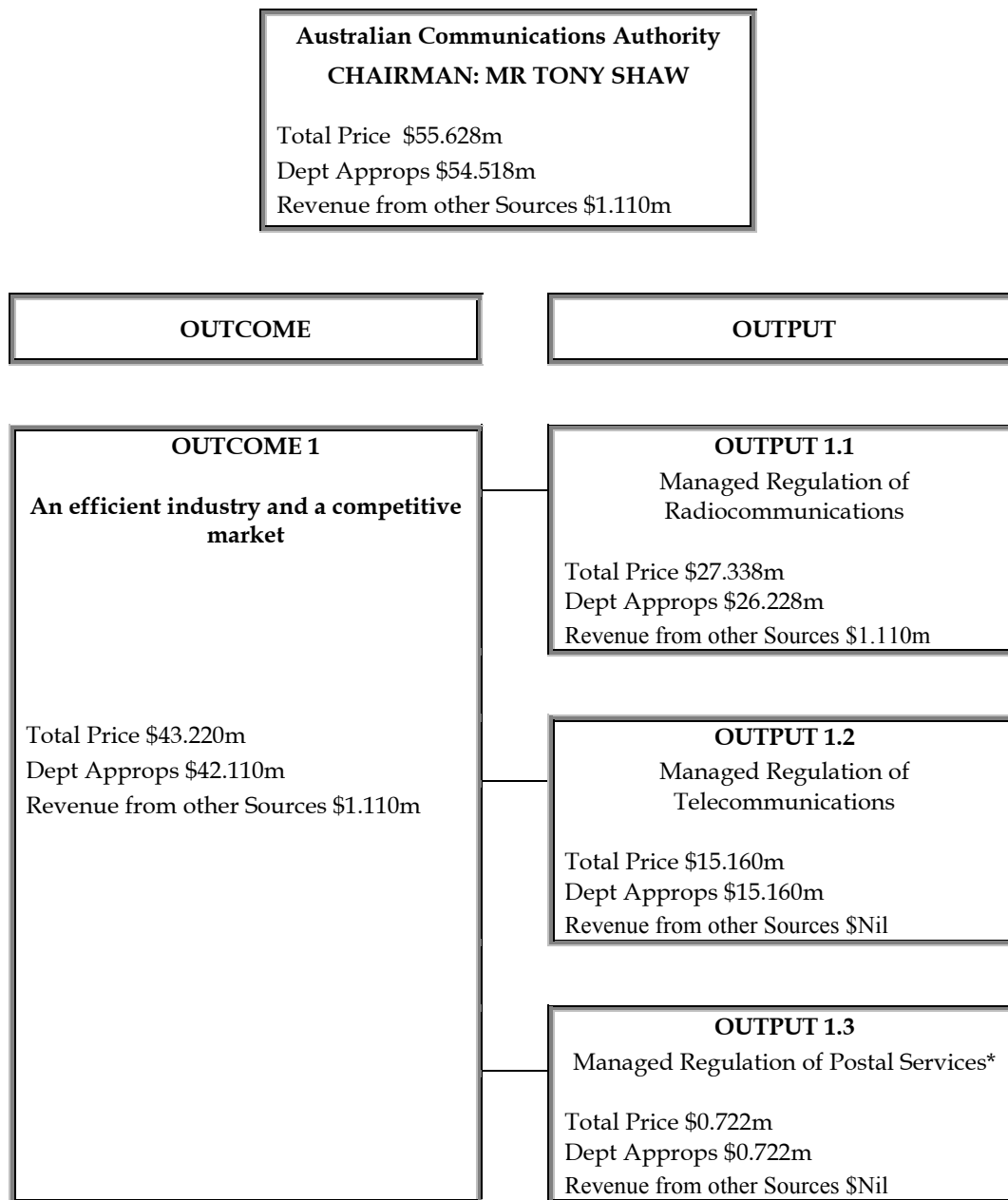
#### **OVERVIEW**

The Australian Communications Authority's role is to contribute to an increasingly self-regulated communications sector that meets the needs of the Australian community. To achieve outcomes which meet the Government's objectives in this area the Government announced reform measures in November 2002 that expanded powers for the Australian Communications Authority (ACA).

The measures expand the power of the ACA to cost Australia Post's Community Service Obligation (CSO) and report on Australia Post's quality of service and compliance with performance standards. Additional funding of \$1.002m in 2002-03 will be provided, made up of ongoing funding of \$0.722m and an equity injection of \$0.280m.

The structure of Outcome 1 will change with the new measures by the addition of Output 1.3 Managed Regulation of Postal Services. Outcome 2 will not be affected.

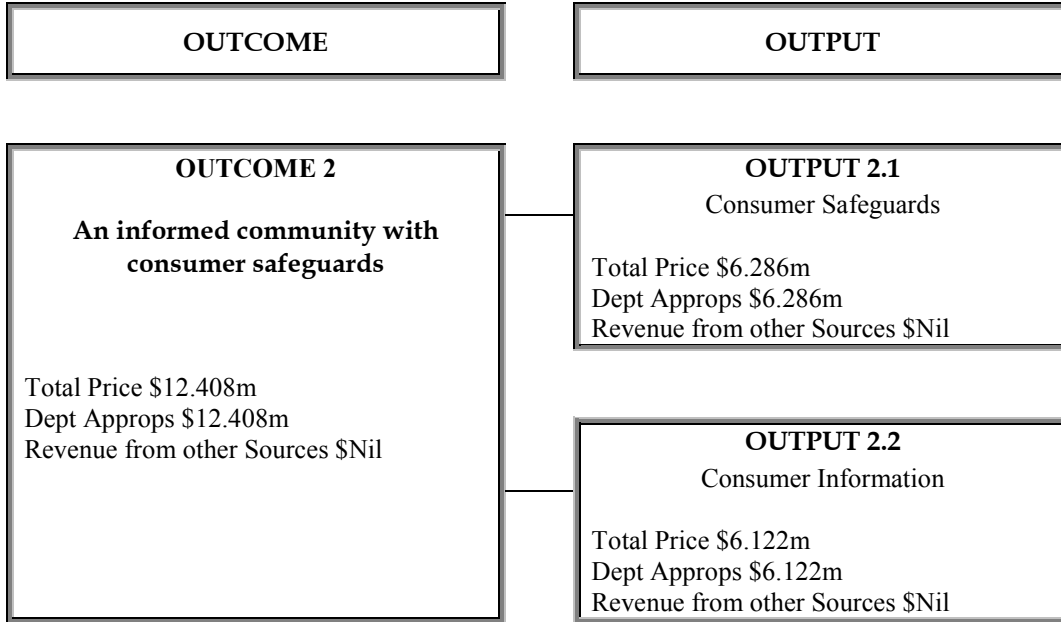
**Map 1: Outcomes and output groups for the agency**



\* Output is dependent on passage of legislation

*Map 1 continued on next page ...*

**Map 1: Outcomes and output groups for the agency (continued)**



## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The ACA will receive additional funding of \$1.002m in 2002-03, made up of ongoing funding of \$0.722m and an equity injection of \$0.280m, and an additional \$4.434m for 2003-04, \$2.538m for 2004-05, and \$2.596m for 2005-06 (indexed), to enable regulation of the Australian postal services. This will include the costing of Australia Post's customer service obligations, monitoring the quality of services through customer surveys and complaints to the Postal Industry Ombudsman, and monitoring and reporting on Australia Post's compliance with the industry standards and regulations. The function will be administered in conjunction with the Australian Competition and Consumer Commission (ACCC). The ACA will collect additional administered revenue through a levy on Australia Post. This levy will recover the costs of the measure including the costs incurred by the ACCC.

## MEASURES

### Outcome 1 - An efficient industry and a competitive market

	2002-03 (\$'000)	2003-04 (\$'000)	2004-05 (\$'000)	2005-06 (\$'000)
<b>Outcome 1</b>				
<i>Variations in administered estimates *</i>				
Increased regulatory oversight of Australia Post	(1,162)	(5,299)	(3,129)	(3,187)
<i>Variations in departmental appropriations</i>				
Increased regulatory oversight of Australia Post	1,002	4,434	2,538	2,596

\* This measure has increased administered revenue rather than decreasing administered expenses.

#### ***Increased regulatory oversight of Australia Post***

The Government will introduce a levy on Australia Post to recover costs associated with providing additional resourcing for the Australian Communications Authority and the Australian Competition and Consumer Commission to increase regulatory oversight of Australia Post.

See also the related expense measure titled *Increased regulatory oversight of Australia Post* below.

#### ***Increased regulatory oversight of Australia Post***

Additional resourcing will be provided to the Australian Communications Authority to calculate the cost of Australia Post's (AP's) community service obligations and to monitor and report on quality of service issues.

Additional resourcing will be provided to the Australian Competition and Consumer Commission to develop record keeping rules to ensure AP is not inappropriately cross subsidising its retail services and to inquire into disputes and make recommendations in relation to AP's bulk interconnection service.

Further details may be found in the Minister for Communications, Information Technology and the Arts' Press Release No. 253/02 of 14 November 2002.

See also the related revenue measure titled *Increased regulatory oversight of Australia Post* above.

## **OTHER VARIATIONS TO APPROPRIATIONS**

There are no Other Variations to Appropriations.

## MEASURES: AGENCY SUMMARY

**Table 1.1: Summary of measures since the 2002-03 Budget**

Measure	Outcome	Output groups affected	Appropriations 2002-03 (\$'000)			Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)			Appropriations 2005-06 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
			Increased regulatory oversight of Australia Post	1	1.3	(1,162)	Nil	(1,162)	(5,299)	Nil	(5,299)	(3,129)	Nil	(3,129)
Increased regulatory oversight of Australia Post	1	1.3	Nil	1,002	1,002	Nil	4,434	4,434	Nil	2,538	2,538	Nil	2,596	2,596

\* This measure has increased administered revenue rather than decreasing administered expenses.

**BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILLS**

**Table 1.2: Appropriation Bill (No. 3) 2002-03**

	2001-02 available \$'000	2002-03 budget \$'000	2002-03 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
An efficient industry and a competitive market	-	-	-	-	-
<b>Outcome 2</b>					
An informed community with consumer safeguards	-	-	-	-	-
<b>Total administered items</b>	-	-	-	-	-
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
An efficient industry and a competitive market	41,188	41,388	42,110	722	-
<b>Outcome 2</b>					
An informed community with consumer safeguards	11,152	12,408	12,408	-	-
<b>Total departmental items</b>	<b>52,340</b>	<b>53,796</b>	<b>54,518</b>	<b>722</b>	-
<b>Total administered + departmental</b>	<b>52,340</b>	<b>53,796</b>	<b>54,518</b>	<b>722</b>	-

Note: 2001-02 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available Appropriation is the amount available to be drawn down, and is equal to:

Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM — Savings - Rephasings - Other Reductions

**Table 1.3: Appropriation Bill (No. 4) 2002-03**

	2001-02 available \$'000	2002-03 budget \$'000	2002-03 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES</b>					
<b>Outcome 1</b>					
An efficient industry and a competitive market	-	-	-	-	-
<b>Outcome 2</b>					
An informed community w ith consumer safegaurds	-	-	-	-	-
<b>OTHER ADMINISTERED ITEM S</b>					
<b>Outcome 1</b>					
An efficient industry and a competitive market	-	-	-	-	-
<b>Outcome 2</b>					
An informed community w ith consumer safegaurds	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Equity injections and loans</b>					
Equity injections and loans	-	-	280	280	-
Loans	-	-	-	-	-
Carryover from previous year	-	-	-	-	-
Administered capital	-	-	-	-	-
<b>Total capital</b>	-	-	<b>280</b>	<b>280</b>	-
Australian Communications Authority					
<b>TOTAL</b>	-	-	<b>280</b>	<b>280</b>	-

Note: 2001-02 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available Appropriation is the amount available to be drawn down, and is equal to:

Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM — Savings - Rephasings - Other Reductions

## SUMMARY OF STAFFING CHANGES

**Table 1.4: Average staffing level (ASL)**

	2002-03 Budget	2002-03 Revised	Variation
<b>Outcome 1</b>			
An efficient industry and a competitive market	325	299	(26)
<b>Outcome 2</b>			
An informed community with consumer safeguards	86	86	-
<b>Total</b>	411	385	(26)

## Section 2: Revisions to outcomes and outputs

### **OUTCOMES AND OUTPUT GROUPS**

There have been changes to the funding of Outcomes 1 as a result of Additional Estimates, therefore the Outcome/Output structure has changed.

There is no change to the Outcome 1 wording, however, an additional Output 1.3 Managed Regulation of Postal Services has been added to the structure.

### **Outcome 1 - An efficient industry and a competitive market**

#### ***Explanation of variations***

Map 1 shows the Outcome and Output structure of the ACA.

A new Output 1.3 Managed Regulation of Postal Services has been created, and the funding for Output 1.3 will be a total of \$1.002m made up of funding of \$0.722m plus an equity injection of \$0.280m for 2002-03. The Government will provide additional and ongoing funding to the ACA to enable it to provide an assessment of Australia Post's service performance, and to maintain service levels by monitoring quality of service through customer surveys and complaints to the Postal Industry Ombudsman. The ongoing funding for Outcome 1 will be \$4.434m in 2003-04, \$2.538m in 2004-2005 and \$2.596m in 2005-06.

#### ***Revised performance information and level of achievement - 2002-03***

The performance information that the Australian Communications Authority will use to assess the level of its achievement against Output 1.3 Managed Regulation of Postal Services during 2002-03 is shown below:

**Table 2.1: Performance information for outputs affected by additional estimates Outcome 1**

Measures / Indicators / Target	Performance Information 2002-03 budget	Performance Information 2002-03 revised
<b>Performance information for departmental outputs</b>		
Output 1.1 - Managed regulation of radiocommunications	<p><b>Quality</b></p> <p>The extent to which spectrum band and other planning mechanisms meet the needs of ACA clients and conform to current ITU and international treaty. The extent to which Australia is able to influence international forums, measured by the number of outcomes that align with Australia's interests. The commencement of new radiocommunication based services is not unnecessarily impeded by regulation or delays in band planning activities.</p>	<p><b>Quality</b></p> <p>No change - as per Budget</p>
	<p><b>Quantity</b></p> <p>Maintaining customer satisfaction with radiofrequency planning activities at a high level (measured by surveys). Level of contestability achieved in the marketplace measured by the ratio of frequency assignments conducted by the ACA compared to external accredited frequency assigners. The number of device registrations performed by external persons relative to the total number of device registrations. The extent of spectrum licensed through spectrum licensing.</p>	<p><b>Quantity</b></p> <p>No change - as per Budget</p>
	<p><b>Targets and Milestones</b></p> <p>ACA responses to investigations and interference complaints meets or exceeds the response times identified in the ACA Customer Service Charter.</p>	<p><b>Targets and Milestones</b></p> <p>No change - as per Budget</p>

**Table 2.1: Performance information for outputs affected by additional estimates Outcome 1 (continued)**

Measures / Indicators / Target	Performance Information 2002-03 budget	Performance Information 2002-03 revised
<b>Performance information for departmental outputs</b>		
Output 1.1 - Managed regulation of radiocommunications (continued)	Price-based spectrum allocations are completed within 6 months of the Minister determining spectrum	No change - as per Budget
	<b>Price</b>	<b>Price</b>
	\$27.338m	No change - as per Budget
Output 1.2 - Managed regulation of telecommunications	<b>Quality</b> Regulatory action, in terms of timeliness and scope, supports the competitive environment and the long-term interests of end	<b>Quality</b> No change - as per Budget
	International representation strengthens regional harmonisation outcomes.	
	<b>Quantity</b>	<b>Quantity</b>
	The self regulatory regime is effective in delivering operational arrangements and consumer safeguards.	No change - as per Budget
	<b>Targets and Milestones</b>	<b>Targets and Milestones</b>
	Industry codes and technical standards that are submitted for registration are considered by the Authority within two months of their lodgement.	No change - as per Budget
	<b>Price</b>	<b>Price</b>
	\$15.160m	No change - as per Budget
Output 1.3 - Managed regulation of postal services	<b>NEW OUTPUT</b>	<b>Quality</b>
		The extent to which customer needs are met in the delivery of postal services.
		The extent to which reports on quality of service issues are
		The extent to which there is compliance with performance standards and regulations.

Table 2.1 Performance Information for Outcome 1 (cont.)

**Table 2.1: Performance information for outputs affected by additional estimates Outcome 1 (continued)**

Measures / Indicators / Target	Performance Information 2002-03 budget	Performance Information 2002-03 revised
<b>Performance information for departmental outputs</b>		
Output 1.3 - Managed regulation of postal services (continued)	<b>NEW OUTPUT</b>	<b>Quantity</b>
		The extent to which monitoring postal service quality through customer surveys and through assessing complaints to the Postal Industry Ombudsman.
		The extent to which monitoring and reporting on postal services complies with the industry performance standards and regulations.
		The extent to which transparency in the costs of providing loss making postal services.
		<b>Price</b>
		Price: \$1.002m

**Outcome 2 – An informed community with consumer safeguards**

There have been no changes to Outcome 2 as a result of Additional Estimates.

## Section 3: Budgeted Financial Statements

### DEPARTMENTAL FINANCIAL STATEMENTS

- Budgeted Departmental Statement of Financial Performance
- Budgeted Departmental Statement of Financial Position
- Budgeted Departmental Statement of Cash Flows
- Departmental Capital Budget Statement
- Departmental Non-financial Assets – Summary of Movements

### ADMINISTERED NOTES

- Note of Administered Financial Performance
- Note of Administered Financial Position
- Note of Administered Cash Flow

Note of Administered Capital Budget and the Note of Administered Non-financial Assets – Summary of Movement have not been inserted as these tables do not have any figures.

Table 3.1 – Departmental Statement of Financial Performance

**Table 3.1: Budgeted departmental statement of financial performance for the period ended 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>Revenues from ordinary activities</b>					
Revenue from government	51,237	54,518	58,679	56,281	55,942
Sales of goods and services	1,592	410	411	410	410
Interest	1,390	700	800	900	900
Dividends	-	-	-	-	-
Net gains from sales of assets	12	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Other	183	-	-	-	-
<b>Total revenues from ordinary activities</b>	<b>54,414</b>	<b>55,628</b>	<b>59,890</b>	<b>57,591</b>	<b>57,252</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	25,941	28,976	30,664	31,687	32,853
Suppliers	21,571	19,250	21,643	18,418	16,829
Grants					
Depreciation and amortisation	3,734	4,537	4,720	4,605	4,705
Write down of assets	689	-	-	-	-
Net losses from sales of assets	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Other	-	-	-	-	-
<b>Total expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>51,935</b>	<b>52,763</b>	<b>57,027</b>	<b>54,710</b>	<b>54,387</b>
Borrowing cost expense	54	36	34	52	36
<b>Net surplus or deficit from ordinary activities</b>	<b>2,425</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>
Gain or loss on extraordinary items	-	-	-	-	-
<b>Net surplus or deficit</b>	<b>2,425</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>
Capital use charge	1,849	2,829	2,829	2,829	2,829
<b>Net surplus or deficit after capital use charge</b>	<b>576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.2: Budgeted departmental statement of financial position as at 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	15,325	13,183	14,230	16,717	15,396
Receivables	1,836	600	600	600	600
Investments	-	-	-	-	-
Accrued Revenue	-	-	-	-	-
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>17,161</b>	<b>13,783</b>	<b>14,830</b>	<b>17,317</b>	<b>15,996</b>
<b>Non-financial assets</b>					
Land and buildings	9,759	9,332	8,374	7,404	6,434
Infrastructure, plant and equipment	7,909	6,904	5,823	4,665	3,507
Inventories	11	-	-	-	-
Intangibles	6,526	9,406	10,460	11,638	14,716
Other	525	600	600	600	600
<b>Total non-financial assets</b>	<b>24,731</b>	<b>26,242</b>	<b>25,257</b>	<b>24,307</b>	<b>25,257</b>
<b>Total assets</b>	<b>41,892</b>	<b>40,025</b>	<b>40,087</b>	<b>41,624</b>	<b>41,253</b>
<b>LIABILITIES</b>					
<b>Debt</b>					
Loans	-	-	-	-	-
Leases	1,059	603	170	1,212	346
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
<b>Total debt</b>	<b>1,059</b>	<b>603</b>	<b>170</b>	<b>1,212</b>	<b>346</b>
<b>Provisions and payables</b>					
Employees	10,135	10,630	11,125	11,620	12,115
Suppliers	3,086	1,180	1,180	1,180	1,180
Grants	-	-	-	-	-
Other	-	-	-	-	-
<b>Total provisions and payables</b>	<b>13,221</b>	<b>11,810</b>	<b>12,305</b>	<b>12,800</b>	<b>13,295</b>
<b>Total liabilities</b>	<b>14,280</b>	<b>12,413</b>	<b>12,475</b>	<b>14,012</b>	<b>13,641</b>
<b>EQUITY</b>					
Capital	-	280	280	280	280
Reserves	8,444	8,444	8,444	8,444	8,444
Accumulated surpluses or deficits	19,168	18,888	18,888	18,888	18,888
<b>Total equity</b>	<b>27,612</b>	<b>27,612</b>	<b>27,612</b>	<b>27,612</b>	<b>27,612</b>
Current liabilities	8,665	6,797	6,827	7,596	7,410
Non-current liabilities	5,615	5,616	5,648	6,416	6,231
Current assets	17,686	14,383	15,430	17,917	16,596
Non-current assets	24,206	25,642	24,657	23,707	24,657

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	51,237	54,518	58,679	56,281	55,942
Sales of goods and services	1,573	1,646	410	410	410
Interest	1,429	700	800	900	900
Other	183	-	-	-	-
GST Received from ATO	2,174	-	-	-	-
<b>Total cash received</b>	<b>56,596</b>	<b>56,864</b>	<b>59,889</b>	<b>57,591</b>	<b>57,252</b>
<b>Cash used</b>					
Employees	28,109	28,481	30,169	31,192	32,358
Suppliers	25,743	21,991	22,109	17,428	17,731
Grants	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>53,852</b>	<b>50,472</b>	<b>52,278</b>	<b>48,620</b>	<b>50,089</b>
<b>Net cash from operating activities</b>	<b>2,744</b>	<b>6,392</b>	<b>7,611</b>	<b>8,971</b>	<b>7,163</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	102	-	-	-	-
Repayments of loans made	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	2,921	1,400	900	820	820
Loans made	-	-	-	-	-
Purchase of intangibles	2,657	4,585	2,835	2,835	4,835
<b>Total cash used</b>	<b>5,578</b>	<b>5,985</b>	<b>3,735</b>	<b>3,655</b>	<b>5,655</b>
<b>Net cash from investing activities</b>	<b>(5,476)</b>	<b>(5,985)</b>	<b>(3,735)</b>	<b>(3,655)</b>	<b>(5,655)</b>

**Table 3.3: Budgeted departmental statement of cash flows  
for the period ended 30 June (continued)**

	Actual 2001-02	Revised budget 2002-03	Forw ard estimate 2003-04	Forw ard estimate 2004-05	Forw ard estimate 2005-06
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from issuing equity instruments	-	-	-	-	-
Proceeds from debt					
Other	-	280	-	-	-
<b>Total cash received</b>	-	<b>280</b>	-	-	-
<b>Cash used</b>					
Repayments of debt					
Capital use and dividends paid	11,930	2,829	2,829	2,829	2,829
Other					
<b>Total cash used</b>	<b>11,930</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>	<b>2,829</b>
<b>Net cash from financing activities</b>	<b>(11,930)</b>	<b>(2,549)</b>	<b>(2,829)</b>	<b>(2,829)</b>	<b>(2,829)</b>
<b>Net increase in cash held</b>	<b>(14,662)</b>	<b>(2,142)</b>	<b>1,047</b>	<b>2,487</b>	<b>(1,321)</b>
Cash at the beginning of the reporting period	29,987	15,325	13,183	14,230	16,717
Cash at the end of the reporting period	15,325	13,183	14,230	16,717	15,396

Table 3.4 – Departmental Capital Budget Statement

**Table 3.4: Departmental Capital Budget Statement**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	280	-	-	-
Total loans	-	-	-	-	-
Appropriation of previous year prepaid revenue	-	-	-	-	-
<b>Total Capital Appropriations</b>	<b>-</b>	<b>280</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REPRESENTED BY</b>					
Purchase of non-financial assets	5,578	5,985	3,735	3,655	5,655
Other	-	-	-	-	-
<b>Total Items</b>	<b>5,578</b>	<b>5,985</b>	<b>3,735</b>	<b>3,655</b>	<b>5,655</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	280	-	-	-
Funded internally by					
Departmental resources	5,578	5,705	3,735	3,655	5,655
<b>Total Amount Funded</b>	<b>5,578</b>	<b>5,985</b>	<b>3,735</b>	<b>3,655</b>	<b>5,655</b>

**Table 3.5: Departmental non-financial assets — Summary of movement budget year 2002-03**

	Land	Buildings	Total land and buidings	Specialist military equipment	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	5,114	4,646	9,760	-	7,908	7,908	6,526	24,194
Additions	120	580	700	-	700	700	4,585	5,985
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount w rite-dow ns	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(1,128)	(1,128)	-	(1,704)	(1,704)	(1,705)	(4,537)
Write-off of assets	-	-	-	-	-	-	-	-
<b>Carrying amount at the end of year</b>	<b>5,234</b>	<b>4,098</b>	<b>9,332</b>	<b>-</b>	<b>6,904</b>	<b>6,904</b>	<b>9,406</b>	<b>25,642</b>
<b>Total additions</b>								
Self funded	120	580	700	-	700	700	4,305	5,705
Appropriations	-	-	-	-	-	-	280	280
<b>Total</b>	<b>120</b>	<b>580</b>	<b>700</b>	<b>-</b>	<b>700</b>	<b>700</b>	<b>4,585</b>	<b>5,985</b>

**Table 3.6: Note of budgeted administered financial performance  
for the period ended 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>REVENUES</b>					
<b>Taxation</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	116,438	115,738	117,808	120,230	122,880
<b>Total taxation</b>	<b>116,438</b>	<b>115,738</b>	<b>117,808</b>	<b>120,230</b>	<b>122,880</b>
<b>Non-taxation</b>					
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Net gains from sales of assets	1,939	-	-	-	-
Other sources of non-taxation revenues	91,906	93,839	98,964	97,170	97,220
<b>Total non-taxation</b>	<b>93,845</b>	<b>93,839</b>	<b>98,964</b>	<b>97,170</b>	<b>97,220</b>
<b>Total revenues administered on behalf of the Government</b>	<b>210,283</b>	<b>209,577</b>	<b>216,772</b>	<b>217,400</b>	<b>220,100</b>
<b>EXPENSES</b>					
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Grants	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Net losses from sales of assets	611	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
<b>Total expenses administered on behalf of the Government</b>	<b>611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary items	-	-	-	-	-

**Table 3.7: Note of budgeted administered financial position as at 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,209	-	-	-	-
Receivables	27,122	27,113	27,516	27,868	28,216
Investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>28,331</b>	<b>27,113</b>	<b>27,516</b>	<b>27,868</b>	<b>28,216</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipmen	-	-	-	-	-
Other	-	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of the Government</b>	<b>28,331</b>	<b>27,113</b>	<b>27,516</b>	<b>27,868</b>	<b>28,216</b>
<b>LIABILITIES</b>					
<b>Debt</b>					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
<b>Total debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions and payables</b>					
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Grants	-	-	-	-	-
Other	1,524	1,502	1,502	1,512	1,512
<b>Total provisions and payables</b>	<b>1,524</b>	<b>1,502</b>	<b>1,502</b>	<b>1,512</b>	<b>1,512</b>
<b>Total liabilities administered on behalf of the Government</b>	<b>1,524</b>	<b>1,502</b>	<b>1,502</b>	<b>1,512</b>	<b>1,512</b>
Current liabilities	1,524	1,502	1,502	1,512	1,512
Non-current liabilities	-	-	-	-	-
Current assets	28,331	27,113	27,516	27,868	28,216
Non-current assets	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows  
for the period ended 30 June**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	116,438	115,738	117,808	120,230	122,880
Interest	-	-	-	-	-
Other fees and fines non-tax	122,397	93,826	98,561	96,828	96,871
<b>Total cash received</b>	<b>238,835</b>	<b>209,564</b>	<b>216,369</b>	<b>217,058</b>	<b>219,751</b>
<b>Cash used</b>					
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Grants	-	-	-	-	-
Interest	-	-	-	-	-
Cash to Official Public Account	243,362	210,773	216,369	217,058	219,751
Other	209	-	-	-	-
<b>Total cash used</b>	<b>243,571</b>	<b>210,773</b>	<b>216,369</b>	<b>217,058</b>	<b>219,751</b>
<b>Net cash from operating activities</b>	<b>(4,736)</b>	<b>(1,209)</b>	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sale of property, plant and equipment	1,939	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>1,939</b>	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	-	-	-	-	-
Cash to Official Public Account	1,939	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>1,939</b>	-	-	-	-
<b>Net cash from investing activities</b>	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows  
for the period ended 30 June (continued)**

	Actual 2001-02 \$'000	Revised budget 2002-03 \$'000	Forw ard estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from financing activities</b>	-	-	-	-	-
<b>Net increase in cash held</b>	<b>(4,736)</b>	<b>(1,209)</b>	-	-	-
Cash at beginning of reporting period	5,945	1,209	-	-	-
Administered cash at end of reporting period	1,209	-	-	-	-

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

The ACA Statement of Financial Performance and Financial Position are prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which are at valuation.

Assets and liabilities are recognised in the ACA Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured.

Revenues and expenses are recognised in the ACA Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

### **Departmental**

#### ***Budgeted Departmental Statement of Financial Performance***

##### **Revenue**

The revenues described in this note are the revenues relating to the core operating activities of the ACA.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The full amount of the appropriation for departmental outputs for the year is recognised as revenue.

##### **Expenses from Ordinary Activities**

##### **Depreciation and Amortisation**

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ACA using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

There is an increase in depreciation and amortisation over the reporting period due mainly to the acquisition of computer software such as a debtors information management system, radiocommunications planning tools software, technical equipment and lease incentive assets relating to both the ACA's Canberra and Melbourne offices.

#### **Borrowing Costs Expense**

These expenses are related to the ACA's IT outsourcing finance lease and the lease incentives to the ACA's Canberra and Melbourne accommodation.

### ***Budgeted Departmental Statement of Financial Position***

#### **Assets**

##### **Cash at Bank**

The cash at bank balance steadily increases to enable the replacement of the ACA's radiocommunications and telecommunications planning tools software, and other information management systems.

##### **Intangibles**

Intangibles include computer software such as our radiocommunications and telecommunications planning tools software and licenses, and our financial information management system.

##### **Land and Buildings**

Purchases of property, plant and equipment are recorded initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

In regard to leasehold improvements, the forecasts include lease incentive assets such as fit-outs of premises in relation to the ACA's Canberra and Melbourne accommodation.

##### **Asset valuation**

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

#### **Liabilities**

##### **Employee Entitlements**

The liability for employee entitlements includes provision for annual leave and long service leave. The liability for annual leave reflects the value of total annual leave entitlements of all employees and is recognised at its nominal value.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June. In determining the present value of the liability, the ACA has taken into account attrition rates and pay increases through promotion and inflation.

### **Leases and Lease Incentives**

The ACA entered into a sale and leaseback transaction of certain IT assets on 26 June 2000. The IT equipment provided to and used by the ACA includes desktop computers, midrange and other equipment. The IT outsourcing contract has been accounted for as a finance lease in accordance with AAS 17, *Leases*.

The forecasts include lease incentive assets and liabilities in relation to the ACA's Canberra and Melbourne offices.

### **Administered**

The ACA administers the collection of Radiocommunications and telecommunications fees on behalf of the Commonwealth. The fees are not directly available to be used by the ACA for its own purposes and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

### **Budgeted Administered Statement of Financial Performance**

#### **Administered Revenue**

All revenues described are revenues relating to the core operating activities performed by the ACA on behalf of the Commonwealth.

Radiocommunication and telecommunication fees collected by the ACA are recognised as revenue when the economic activity of the fee payer takes place that gives rise to the Commonwealth's right to the fees.

### **Departmental Financial Statements and Notes Administered Items**

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental assets, liabilities, revenues and expenses in relation to an agency or Authority are those which are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

- Administered items are revenues, expenses, assets and liabilities which are managed by an agency or Authority on behalf of the Government according to set Government directions.
- Administered expenses include subsidies, grants and personal benefits payments; and
- Administered revenues include taxes, fees, fines and excises.

### **Appropriations in the Accrual Budgeting Framework**

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations continue under the accrual appropriation framework, and fund the majority of payments from the Consolidated Revenue Fund.

### **Capital Use Charge**

A Capital Use Charge is levied on agencies and authorities to reflect the cost of the Commonwealth's investment in those entities. It is levied on those agencies closing Departmental net assets (equity) at a rate of 11 per cent.

Funding for the Capital Use Charge is included in agencies and authorities Departmental price of outputs appropriations. The Capital Use Charge is accounted for as a "below Operating Result line" dividend payment.

## APPENDIX 1: REVENUE FROM INDEPENDENT SOURCES

	Budget estimate 2002-03 \$'000	Revised estimate 2002-03 \$'000
<b>Departmental revenue</b>		
Sales of goods and services	410	410
Interest	700	700
<b>Total estimated revenue</b>	<b>1,110</b>	<b>1,110</b>
<b>Administered revenue</b>		
Licence fees, fines and charges	114,829	115,738
Other non-appropriation revenue	91,857	93,839
<b>Total estimated revenue</b>	<b>206,686</b>	<b>209,577</b>

