

Financial statements

Financial performance

The financial statements included in this Annual Report provide detailed information on the Department's financial results for 2002–03 and its financial position at 30 June 2003.

The following summarises significant issues in the financial statements. The 2002–03 year is the fourth under the Government's accrual budgeting framework.

Departmental financial performance

The Department recorded a net surplus of \$43.5 million for the year (before payment of Capital User Charge (CUC) of \$33.8 million). This compared with a surplus of \$1.1 million in the 2001–02 financial year. The major reason for this increase in surplus, when compared to 2001–02, was the recognition of \$34.9 million asset write-downs in 2001–02.

Departmental revenues decreased by \$15.6 million from \$190.3 million in 2001–02 to \$174.5 million in 2002–03 and expenses decreased by \$58.4 million from \$189.1 million in 2001–02 to \$130.7 million in 2002–03—a major contributor being the restructuring transfers between the Department and the National Office for the Information Economy (NOIE) that took place on 1 July 2002. In addition, 2001–02 expenses included a \$34.9 million write-down of assets (mainly Heritage) in the Operational Groups of ScreenSound Australia and Questacon.

In comparing the budgeted net surplus of \$32.5 million published in the Portfolio Additional Estimates Statements (PAES), the Department's actual net surplus of \$43.5 million was predominantly related to commitments for 2003–04.

Departmental financial position

Total Assets increased by \$6.5 million from \$341.2 million in 2001–02 to \$347.7 million in 2002–03, mainly the result of an increase in cash and receivables.

Total Liabilities increased by \$1.4 million from \$26.9 million in 2001–02 to \$28.4 million in 2002–03, mainly the result of an increase in employee provisions.

Total Equity increased by \$5.1 million from \$314.2 million to \$319.3 million the result of:

- a decrease in Contributed Equity of \$4.3 million the result of restructuring transfers between the Department and NOIE, a refund of prior years CUC from the Department of Finance and Administration (Finance) and a return to Finance of ABIS Interest associated with prior years (refer note 11A & B); and
- an increase in Retained Surpluses of \$9.704 million, primarily the result of the recorded 2002–03 surplus after CUC payment.

The actual Assets and Liabilities for 2002–03 differed from the published PAES mainly in the areas of Financial Assets, where the actual outcome of \$57.1 million differed from the estimate of \$40.8 million, and in Equity where the actual outcome of \$319.3 million differed from the estimate of \$307.7 million, both contributed to by the surplus (after CUC) recorded in 2002–03.

Departmental cash flow

Cash at 30 June 2003 represents unspent revenue (appropriations and other revenue), provisions, payables, revenue received in advance, delayed program and accommodation expenses, delayed capital purchases and refund of CUC.

These items explain the major variance to the budgeted Cash Flow Statement included in the PAES.

In accordance with Australian Accounting Standards, UIG 31 pronouncement Operating Cash Flow figures have been grossed up to include goods and services tax (GST).

Administered statements

The reporting of Administered items in 2002–03 is by way of primary statements rather than notes as in 2001–02. This is as per the Finance Ministers Orders 2002–03.

Revenues and expenses administered on behalf of Government

Summary of major revenue variances between 2001–02 and 2002–03 include:

- Telstra dividend revenue increased from \$1,418.2 million to \$1,676.0 million, and Australia Post dividend revenue decreased from \$368.0 million to \$314.0 million due to decreased dividends being paid to shareholders; and
- Universal Service Obligation Levy revenue decreased from to \$67.6 million to \$62.9 million.

Summary of major expense variances between 2001–02 and 2002–03 include:

- a decrease in Federation fund grants from \$65.4 million to \$31.8 million, decrease in Building on IT Strengths grants from \$64.6 million to \$24.8 million and Untimed Local Calls payments from \$80.0 million to \$25.5 million due to these programs winding down in 2002–03; and
- an increase in grants associated with Foot and Mouth Prevention from \$5.9 million to \$21.2 million and Telecommunications Service Inquiry Implementation from \$8.8 million to \$29.7 million due to these programs building in 2002–03.

The budgeted Administered Financial Performance published in the PAES exclude values for Telstra and Australia Post dividends in accordance with budget estimate arrangements.


Assets and liabilities administered on behalf of Government

Financial Assets—Summary of major variances between the value in 2001–02 of \$6 977.8 million and 2002–03 of \$6 994.9 million include:

- an increase in the holding of Investments of Portfolio Agencies of \$59.1 million; and
- a decrease in Investments of Special Accounts (Untimed Local Calls) of \$37.7 million.

Non-Financial Assets—Summary of major variances between 2001–02 and 2002–03 include:

- Land and Buildings have decreased from \$62.5 million in 2001–02 to \$46.1 million in 2002–03 — the result of \$9.275 million of assets associated with the National Museum of Australia being transferred to the National Capital Authority and \$12.5 million of depreciation associated with the National Institute of Drama and Arts Building; and

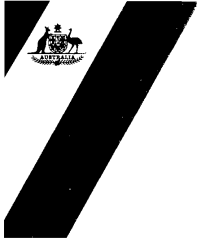
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- Heritage and Cultural assets which were previously recognised in 2001–02 in a number of categories have been separately disclosed in 2002–03 with a value of \$35.8 million. This is in accordance with the Finance Ministers Orders 2002–03.

The budgeted Administered Financial Position published in the PAES excludes values for Telstra and Australia Post investments in accordance with budget estimate arrangements.

Administered cash flows

Cash flows include transfers to and from the Official Public Account (OPA) maintained by Finance. The Department draws cash from the OPA to cover payments as they fall due, and as such the Department holds minimal cash balances reflecting timing variances.

In accordance with Australian Accounting Standards, UIG 31 pronouncement Operating Cash Flow figures have been grossed up to include GST.



INDEPENDENT AUDIT REPORT

To the Minister for Communications Information Technology and the Arts

Scope

I have audited the financial statements of Department of Communications Information Technology and the Arts for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Departmental Secretary and Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

The Secretary of the Department of Communications Information Technology and the Arts is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Department of Communications Information Technology and the Arts' financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

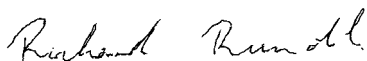
GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777



Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Department of Communications Information Technology and the Arts as at 30 June 2003, and its financial performance and cash flows for the year then ended.



Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
28 August 2003




Australian Government
**Department of Communications,
Information Technology and the Arts**

**DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS (DCITA)**

2002-2003 FINANCIAL STATEMENTS

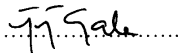
**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed: 

Helen Williams AO
Secretary

28 August 2003

Signed: 

Jennifer Gale FCPA
Chief Financial Officer

28 August 2003

Department of Communications, Information Technology and the Arts
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Revenues from ordinary activities			
Revenues from Government	3A	148,134	148,451
Sales of goods and services	3B	14,484	23,032
Interest	3C	1,114	1,744
Revenue from disposal of assets	3D	54	26
Other	3E	10,713	17,001
<i>Revenues from ordinary activities</i>		<u>174,499</u>	<u>190,254</u>
Expenses from ordinary activities (excluding borrowing cost expense)			
Employees	4A	60,745	57,376
Suppliers	4B	44,073	60,021
Depreciation and amortisation	4C	16,320	14,297
Write-down of assets	4D	41	34,897
Grants	4E	8,283	18,440
Value of assets disposed	3D	697	3,559
Other	4F	588	530
<i>Expenses from ordinary activities (excluding borrowing cost expense)</i>		<u>130,747</u>	<u>189,120</u>
<i>Borrowing costs expense</i>	5	<u>238</u>	<u>10</u>
Net surplus/(deficit)		<u>43,514</u>	<u>1,124</u>
Net credit/(debit) to asset revaluation reserve		-	67,864
Total revenues, expenses and valuation adjustments attributable to the Commonwealth Government and recognised directly in equity		<u>-</u>	<u>67,864</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>43,514</u>	<u>68,988</u>

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF FINANCIAL POSITION
as at 30 June 2003

	Notes	2003 \$'000	2002 \$'000
ASSETS			
Financial assets			
Cash	6A	28,424	17,642
Receivables	6B	28,572	11,675
Investments	6C	-	20,813
Accrued revenues	6D	136	793
Other financial assets	6E	-	10
Total financial assets		57,132	50,933
Non-financial assets			
Land and buildings	7A	54,302	53,802
Infrastructure, plant and equipment	7B	24,621	24,871
Heritage and cultural assets	7C	205,191	205,048
Inventories	7F	739	2,879
Intangibles	7D	1,694	3,039
Other	7G	4,064	667
Total non-financial assets		290,611	290,306
TOTAL ASSETS		347,743	341,239
LIABILITIES			
Interest bearing liabilities			
Leases	8	53	75
Total interest bearing liabilities		53	75
Provisions			
Capital Use Charge	9A	-	-
Employees	9B	17,994	16,830
Total provisions		17,994	16,830
Payables			
Suppliers	10A	1,829	3,699
Other	10B	8,547	6,388
Total payables		10,376	10,087
TOTAL LIABILITIES		28,423	26,992
NET ASSETS		319,320	314,247
EQUITY			
Contributed equity	11A	57,067	61,405
Reserves	11A	82,549	82,842
Retained surpluses/(Accumulated deficits)	11A	179,704	170,000
TOTAL EQUITY		319,320	314,247
Current assets		61,935	53,812
Non-current assets		285,808	287,427
Current liabilities		19,654	24,761
Non-current liabilities		8,769	2,231

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF CASH FLOWS
for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and services			
Government		2,008	10,251
Non-government		14,206	12,782
Appropriations		147,752	148,098
Interest		1,036	1,747
Grant receipts and sponsorships		295	6,989
GST received from ATO		4,349	19
Other		11,357	9,029
Total cash received		181,003	188,915
Cash used			
Employees		(59,783)	(56,770)
Suppliers		(53,374)	(66,076)
Grants		(9,129)	(19,524)
Cash transfers to the OPA		(24,152)	-
GST refunds/payments on investing activities		(59)	-
GST paid to ATO		(70)	-
Other		(768)	(921)
Total cash used		(147,335)	(143,291)
Net cash from/(used by) operating activities	12	33,668	45,624
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant, equipment and intangibles		54	26
Repayment of advance funding National Museum project		213	240
Other		2,013	180
Total cash received		2,280	446
Cash used			
Purchase of property, plant, equipment and intangibles		(11,365)	(9,657)
Purchase of term deposits		(214)	(300)
Total cash used		(11,579)	(9,957)
Net cash from/(used by) investing activities		(9,299)	(9,511)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		1,279	13,126
Restructuring - transfer in Info Access		-	2,877
Restructuring - transfer in Sports Branch		-	429
Total cash received		1,279	16,432
Cash used			
Restructuring - transfer out of NOIE		-	(3,692)
Repayments of debt		(22)	(20)
Capital Use Charge paid		(33,844)	(29,658)
Total cash used		(33,866)	(33,370)
Net cash from/(used by) financing activities		(32,587)	(16,938)
Net increase/(decrease) in cash held		(8,218)	19,175
Cash at the beginning of the reporting period		36,642	17,467
Cash at the end of the reporting period (1)	6A	28,424	36,642

(1) Cash at the end of the reporting period includes the >7 days component of investments.

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS
as at 30 June 2003

	2003	2002
	\$'000	\$'000
BY TYPE		
Capital Commitments		
Land and buildings	1,218	42
Infrastructure, plant and equipment	2,088	2,646
Other capital commitments	39	749
Total capital commitments	3,345	3,437
Other Commitments		
Operating leases ⁽¹⁾	26,258	31,416
Project commitments ⁽²⁾	9,871	4,200
Research and development ⁽³⁾	127	1,238
Other commitments ⁽⁴⁾	5,836	24,908
Total other commitments	42,092	61,762
Commitments Receivable		
National Science and Technology Centre sponsorship	(184)	(1,033)
ScreenSound	(349)	(267)
Old Parliament House service contracts	(1,226)	(314)
GST receivable	(3,534)	(27)
Other	(298)	(157)
Total commitments receivable	(5,591)	(1,798)
Net commitments	39,846	63,401
BY MATURITY		
All net commitments		
One year or less	20,912	29,510
From one to five years	17,640	33,408
Over five years	1,294	483
Net commitments	39,846	63,401
Operating lease commitments		
One year or less	7,106	8,974
From one to five years	17,728	21,959
Over five years	1,424	483
Operating lease commitments by maturity	26,258	31,416
Capital commitments		
One year or less	3,002	3,437
From one to five years	344	-
Over five years	-	-
Capital commitments by maturity	3,346	3,437

NB: Commitments are GST inclusive where relevant.

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS *Continued*
as at 30 June 2003

(1) The main operating leases include the following:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	<p><u>Main office accommodation</u> Lease payments at 38 Sydney Avenue are subject to bi-annual reviews and are adjusted to reflect current market rates. The initial term for the office accommodation expires on 21 November 2007. Two further terms, each of 5 years, are able to be renewed at the Department's discretion following an assessment of its accommodation requirements and current market rates.</p> <p><u>SSA Melbourne accommodation</u> Lease payments are subject to market review every three years. The initial periods of office accommodation leases are still current and may be renewed for up to five years at ScreenSound Australia's option, following a once-off adjustment of rentals to current market levels.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.
Leases in relation to computer equipment	The lessor provides computer equipment designated as necessary in the supply contract for a period of three years. The lease will continue to operate until such time as the written notice is provided to the lessor or, if terminated without notice, may be subject to a penalty of one to three months' rental. The initial equipment has on average a useful life of three years from the commencement of the contract. Additional equipment may be leased at a higher rate for a reduced period to coincide with the initial end of lease date.

- (2) Project commitments include the Software Engineering project.
- (3) Research and development largely comprise of Industry research commitments.
- (4) Other commitments largely comprise of Corporate Administration contracts.

SCHEDULE OF CONTINGENCIES
as at 30 June 2003

	2003	2002
	\$'000	\$'000
Contingent Liabilities		
Claims for damages/costs	-	-
Make good provision - leases	450	
Total contingent losses	450	-
Contingent Assets		
Other	-	-
Net contingent liabilities	450	-

Details of each class of contingent liabilities and assets, including those not included above because they can not be quantified or considered remote, are disclosed in Note 13: Contingent Liabilities and Assets.

There are no remote contingencies as at 30 June 2003 (30 June 2002: Nil)

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2,003 \$'000	2,002 \$'000
Revenues Administered on Behalf of Government for the year ended 30 June 2003			
Non-taxation revenue			
Interest	19	3,736	4,681
Dividends	19	1,990,014	1,786,166
Other sources of non-taxation revenue	19	135,842	122,308
Total Revenues Administered on Behalf of Government		2,129,592	1,913,155
Expenses Administered on Behalf of Government for the year ended 30 June 2003			
Grants	20	287,227	324,233
Subsidies	20	17,834	5,585
Suppliers	20	586	8,032
Depreciation and amortisation	20	12,874	4,521
Write-down and impairment of assets	20	9,274	100
Other expenses	20	126,324	184,313
Total Expenses Administered on Behalf of Government		454,119	526,784

This schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2,003 \$'000	2,002 \$'000
Assets Administered on Behalf of Government as at 30 June 2003			
Financial assets			
Cash	21	334	524
Receivables	21	5,528	9,149
Investments	21	6,989,114	6,967,695
Other financial assets	21	-	436
Total financial assets		6,994,976	6,977,804
Non-financial assets			
Land and buildings	21	46,128	62,480
Heritage and cultural assets	21	35,802	37,239
Other non-financial assets	21	13,552	2,823
Total non-financial assets		95,482	102,542
Total Assets Administered on Behalf of Government		7,090,458	7,080,346
Liabilities Administered on Behalf of Government as at 30 June 2003			
Payables			
Suppliers	22	662	2,276
Grants and subsidies	22	142	1,826
Other payables	22	5,967	3,689
Total payables		6,771	7,791
Total Liabilities Administered on Behalf of Government		6,771	7,791
Current Liabilities		6,771	7,791
Non-current Liabilities		-	-
Current Assets		37,766	69,000
Non-current Assets		7,052,692	7,011,346

This schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2003	2002
	\$'000	\$'000
Administered Cash Flows		
for the year ended 30 June 2003		
Operating Activities		
Cash received		
Interest	4,444	3,925
Dividends	1,990,013	1,786,166
Cash from Official Public Account - Annual Appropriations	223,074	270,427
Special Accounts	248,343	434,228
Special Appropriations	9,299	9,039
GST received from the ATO	28,154	26,909
Other	76,719	89,386
Total cash received	2,580,046	2,620,080
Cash used		
Grant payments	(312,425)	(337,015)
Subsidies paid	(19,616)	(6,144)
Suppliers	(4,406)	(7,069)
Cash to Official Public Account - Annual Appropriations	(3,295)	(8,329)
Special Accounts	(144,969)	(219,044)
Other	(1,990,447)	(1,786,405)
Other	(136,042)	(199,253)
Total cash used	(2,611,200)	(2,563,259)
Net cash from/(used in) operating activities	(31,154)	56,821
Investing Activities		
Cash received		
Proceeds from returns of investments	37,715	-
Total cash received	37,715	-
Cash used		
Purchase of property, plant, equipment and intangibles	(2,561)	(5,053)
Purchase of investments	-	(57,110)
Other	(837)	-
Total cash used	(3,398)	(62,163)
Net cash from/(used in) investing activities	34,317	(62,163)
Financing Activities		
Cash received		
Cash from Official Public Account	24,827	29,421
Proceeds from equity injection	-	3,168
Total cash received	24,827	32,589
Cash used		
Cash to Official Public Account	(28,180)	(26,959)
Other	-	(250)
Total cash used	(28,180)	(27,209)
Net cash from/(used in) financing activities	(3,353)	5,380
Net increase/(decrease) in cash held	(190)	37
Cash at the beginning of reporting period	524	487
Cash at the end of reporting period	334	524

This schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2003	2002
	\$'000	\$'000
Administered Commitments as at 30 June 2003		
BY TYPE		
Capital commitments		
Land and buildings ⁽¹⁾	-	1,669
Infrastructure, plant and equipment ⁽²⁾	1,062	82
Other capital commitments ⁽³⁾	-	1,006
Total capital commitments	1,062	2,757
Other commitments		
Project commitments ⁽⁴⁾	120,348	208,783
Other commitments ⁽⁵⁾	61,844	92,092
Total other commitments	182,192	300,875
Commitments receivable	(8,462)	(12,255)
Net administered commitments	174,792	291,377
BY MATURITY		
All net commitments		
One year or less	150,878	209,807
From one to five years	23,914	81,570
Over five years	-	-
Net administered commitments	174,792	291,377
Capital commitments		
One year or less	1,062	2,506
From one to five years	-	251
Over five years	-	-
Capital commitments by maturity	1,062	2,757

(1) Outstanding contractual payments for building under construction relate to the Acton Peninsula Project.

(2) Infrastructure, plant and equipment commitments relate to the refurbishment of Old Parliament House (OPH).

(3) Other capital commitments relate to the Acton Peninsula project.

(4) Project commitments largely relate to Federal funding of various art projects.

(5) Other commitments relate to other funding of the Telecommunications Division.

NB: All commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2003	2002
		\$'000	\$'000
Administered Contingencies	24		
<i>as at 30 June 2003</i>			
Administered Contingent liabilities			
Other guarantees		279	260
Indemnities ⁽¹⁾		128,549	379,611
Claims for damages/costs		-	118
Total contingent liabilities		128,828	379,989
Administered Contingent assets		-	-
Net contingent liabilities		128,828	379,989

(1) Commonwealth indemnity of art exhibitions. This amount is subject to variation due to exchange rate.

Unquantifiable and remote contingencies are disclosed in Note 24: Administered Contingent Liabilities and Assets

This schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note	Description
1	Summary of Significant Accounting Policies
2	Events Occurring After Reporting Date
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4	Operating Expenses
5	Borrowing Costs Expense
6	Financial Assets
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13	Contingent Liabilities and Assets
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17	Act of Grace Payments, Waivers and Defective Administration Scheme
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29	Reporting by Outcomes

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The Department of Communications, Information Technology and the Arts supports the communications, information technology, cultural and sports sectors by providing strategic policy advice to Government and delivering a range of Commonwealth grants, payments and incentive programs.

The Department also incorporates Artbank, the National Science and Technology Centre (NSTC) and ScreenSound Australia (SSA).

The following transfers have been made between the Department and the National Office for the Information Economy (NOIE):

- Functions relating directly to sectoral industry policies for the Information and Communications Technologies (ICT) industry, including the Centre of Excellence program; analysis of the international competitiveness of those industry sectors; and supporting activities in international forums, as they relate to the telecommunications industry sector have been transferred to the Department (Outcome 2, Output 2.1) from NOIE; and
- The Information Access function, with the exception of administration of the Commonwealth's copyright, have been transferred from the Department (Outcome 2, Output 2.1) to NOIE.

The Department is structured to meet four outcomes.

Outcome 1: A rich and stimulating cultural environment and a stronger, sustainable and internationally competitive Australian sports sector.

This Outcome is directed at:

- Strategic policy advice, support and awareness for the cultural and sport sectors;
- Increase awareness, knowledge and understanding of the Centenary of Federation and encourage participation in events celebrating the Centenary; (i)
- Understanding and knowledge of Australian history, culture and portraiture through access to Old Parliament House and the National Portrait Gallery.

(i) Output 1.2 lapses in 2001-02 and hence has no funding for 2002-03. It has been reported this year only for 2001-02 actuals.

Outcome 2: Competitive and effective communications and information technology industries and services and improved access to Government information.

This Outcome is directed at:

- Strategic advice, policy and programs to achieve competitive and effective communications and information technology industries and services.

Outcome 3: Australians value science and technology's contribution to our culture and economic prosperity.

Questacon – the National Science and Technology Centre – aims to help Australians to value science and technology's contribution to our culture and economic prosperity. As a national leader in communicating science, Questacon makes science fun and relevant for everybody by engaging people in making their own stimulating discoveries.

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Outcome 4: Increased use, enjoyment and safety of Australia's audiovisual heritage.

ScreenSound Australia is the screen and sound archive for the Nation. It develops and maintains an audiovisual collection reflective of Australian culture and the audiovisual industry and encourages access to, and use of, the collection throughout the country.

Restructuring

With effect from 1 July 2003, Questacon (Outcome 3) transferred to the Department of Education, Science and Training and Screensound Australia (Outcome 4) transferred to the Australian Film Commission.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management & Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Department's Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 13).

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

The continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

Administered revenues, expenses, assets and liabilities and cash flows reported in Note 19 – 23 are accounted for on the same basis and using the same policies as for Department items, except where otherwise stated at 1.20.

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1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in the 2001-02, except in respect of:

- Equity injections (refer to Note 1.5);
- Measurement of certain employee benefits at nominal amounts (refer to Note 1.6);
- The revaluation of assets on a fair value basis (refer to Note 1.12); and
- Presentation and disclosure of administered items (refer to Note 1.20).

1.4 Revenue

The revenues described in this Note are revenues relating to core operating activities of the Department.

(a) Revenues from Government

Departmental outputs appropriations for the year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

(c) Other Revenue

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.

Dividend revenue is recognised upon receipt of the dividend payment.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

1.5 Transactions by the Government as Owner

Equity Injections

From 1 July 2002, the FMOs require that amounts of appropriations designated as 'equity injections' (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity as at 1 July 2002 or later date of effect of the appropriation.

This is a change of accounting policy from 2001-02 to the extent any part of an equity injection that was dependent on specific future events occurring was not recognised until the appropriation was drawn down.

Restructuring

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

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Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. During the year the Department returned \$1.758m of previously reflected ABIS interest to the Official Public Account.

1.6 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by initial application of a new Accounting Standard AASB 1028 from 1 July 2002. As the Department's certified agreement raises pay rates on 1 July each year, the financial effect of this change is not material.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2003. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

No provision is made for separation and redundancy benefit payments.

Superannuation

Staff of Department of Communication Information Technology and the Arts are members of the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and other superannuation schemes. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Department of Communications, Information Technology and the Arts makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Department's employees.

The liability for superannuation recognised as at 30 June represent outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased

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assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis, which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

1.9 Cash

Cash means cheques, notes and coins held and any deposits held at call with a bank or financial institution.

1.10 Financial Instruments

Accounting policies for financial instruments are stated at Note 18 and Administered Note 27.

1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

1.12 Property, Plant and Equipment

Asset Recognition Threshold

Assets purchased are recognised 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).

Revaluations

Basis

Land, buildings, infrastructure, plant, equipment, heritage and cultural assets are carried at valuation. Revaluations undertaken up to 30 June 2002 were undertaken on a deprival basis. Revaluations from that date will be at fair value. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-Current Assets*.

All valued assets at 30 June 2003 are at deprival value.

Frequency

Land, buildings, infrastructure, plant, equipment, heritage and cultural assets were revalued in accordance with the deprival method of valuation in 3-year cycles, so that no asset has a value greater than three years old.

From 1 July 2002 all subsequent revaluations will be conducted at fair value on a three year cycle, resulting in all assets being reflected at fair value by 30 June 2005.

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Conduct

All valuations are conducted by an independent qualified valuer, with the exception of Artbank where the valuation is a combination of both a qualified valuer's and a Director's Valuation.

Recoverable Amount Test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amounts test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment or heritage and cultural assets have been written down to recoverable amount per AAS10, as this policy does not apply to the Department. Accordingly the change in policy has had no financial effect.

Intangibles

The Department's intangibles comprise of externally purchased and internally developed software for internal use. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amounts test in Australian Accounting Standard AAS 10 *Recoverable Amount of Non-Current Assets* to the assets of agencies when the primary purpose of the asset is not the generation of net cash inflows.

Schedule 1 now requires assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

No write-down to recoverable amount has been made in 2002-03.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives.

Depreciation and Amortisation of Non-Current Assets

All assets are depreciated over their estimated useful lives to the Department, using in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated 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 reporting 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.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2003	2002
Land and buildings		
• Buildings	7 – 114 years	7 – 114 years
• Land improvements	35 – 50 years	35 – 50 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, plant and equipment		
• Infrastructure	15 – 40 years	15 – 40 years
• Computer equipment	3 – 5 years	3 – 5 years
• Plant, office equipment, furniture & fittings	3 – 12 years	3 – 12 years
• Exhibition assets	5 – 6 years	5 – 6 years

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Heritage and Cultural Assets

• SSA Heritage Assets	5 – 79 years	5 – 79 years
• Heritage assets (other than SSA)	40 – 114 years	40 – 114 years
• Artworks	Nil	Nil

Intangibles

• Externally purchased software	3 – 5 years	3 – 5 years
• Internally developed software	3 – 5 years	3 – 5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

1.13 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

A provision for obsolete stock is raised based on a review of inventory on hand at year end.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a weighted average cost basis; and
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

1.14 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenue, expenses and assets are recognised net of (GST):

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables (statement of financial position).

1.15 Capital Usage Charge

A capital usage charge of 11% (2002: 11%) is imposed by the Government on the departmental net assets of the Department at year end. The net assets figure is adjusted to take account of asset gifts and revaluation increments during the financial year. The charge is accounted for as a dividend to Government.

In accordance with the recommendations of a review of Budget Estimates and Framework, the Government has decided that the charge will not operate after 30 June 2003.

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1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.17 Insurance

The Department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

1.19 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following items:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors;
- appropriation note disclosures; and
- special accounts.

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items following the Departmental Statements, and further disclosed in related Notes. In 2001-02 these Administered items were presented in the Notes to these financial statements.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Department items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and UIG Consensus views.

Administered appropriations received or receivable from the Official Public Account (OPA) are not reported as administered revenues, or assets respectively. Similarly, administered receipts transferred or transferable to the OPA are not reported as administered expenses or payables. These transactions or balances are internal to the Administered entity.

These transfers of cash are reported as administered (operating) cash flow and in the administered reconciliation table in Note 23.

Accounting policies which are relevant to administered activities only of the Department are disclosed below.

(a) Revenue

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

(b) Grants

The Department administers a number of grant schemes on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied. A commitment is recorded when the

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Government has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

(c) Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level.

The Commonwealth's investment in other controlled authorities and companies in the portfolio is valued at the aggregate of the Commonwealth's share of the net assets or liabilities of each entity fixed as at 30 June 1997, as adjusted for any subsequent capital injections or withdrawals.

Note 2 : Events Occurring after Reporting Date

Restructuring

ScreenSound Australia transferred to the Australian Film Commission with effect from 1 July 2003. The estimated effect of this will be to reduce assets by \$221.769m and liabilities by \$3.779m.

Questacon transferred to the Department of Education, Science and Training with effect from 1 July 2003. The estimated effect of this will be to reduce assets by \$41.674m and liabilities by \$2.814m.

Unquantifiable Contingencies

Waverley City Council and a number of other NSW Councils brought action in the Federal Court in July 2003 against the Commonwealth and other parties, seeking compensation for the acquisition of property and other damages in respect of telecommunications installations on, under and over land to which the councils have title. The statement of claim does not specify the amount of compensation or damages being sought from the Commonwealth and other parties.

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	<u>2003</u>	<u>2002</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 3: Operating Revenues		
<u>Note 3A: Revenues from Government</u>		
Appropriations for Outputs	144,752	145,168
Special Appropriations	3,000	2,930
Resources received free of charge	382	353
Total revenues from government	<u>148,134</u>	<u>148,451</u>
<u>Note 3B: Sales of goods and services</u>		
Goods		
Sale of inventory goods	1,583	1,668
Other sale of goods and services	6,549	3,962
Other sales	1	2,976
Sub sales	-	543
Sales returns and allowances	-	(25)
	<u>8,133</u>	<u>9,124</u>
Services		
Entry charges to exhibitions	2,263	2,244
Royalties received	271	1,971
Rent and service contract licence fees	409	511
Fees for services provided	1,102	7,162
Artbank rental revenue	2,306	2,020
	<u>6,351</u>	<u>13,908</u>
Total sales of goods and services	<u>14,484</u>	<u>23,032</u>
Provision of goods to:		
Related entities	4,893	121
External entities	3,240	9,003
Total sales of goods	<u>8,133</u>	<u>9,124</u>
Rendering of services to:		
Related entities	1,521	2,398
External entities	4,830	11,510
Total rendering of services	<u>6,351</u>	<u>13,908</u>
Costs of sales of goods	<u>749</u>	<u>2,089</u>
<u>Note 3C: Interest Revenue</u>		
Interest from DoFA	789	1,630
Interest from other sources	325	114
Total interest	<u>1,114</u>	<u>1,744</u>

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	2003	2002
	\$'000	\$'000
<u>Note 3D: Net (Gain)/Loss on Disposal of Assets</u>		
Non-financial assets		
Revenue from disposal of assets	<u>54</u>	<u>26</u>
Total revenue from disposals	<u>54</u>	<u>26</u>
Value of assets disposed		
Add: Value of assets sold	58	43
Add: Land and buildings written off on disposal	425	-
Add: Infrastructure, plant and equipment written off on disposal	28	3,216
Add: Assets incorrectly capitalised	186	-
Add: Intangibles written off on disposal	-	300
Total value of non-financial assets disposed	<u>697</u>	<u>3,559</u>
Net (gain)/loss on disposal of non-financial assets	<u>643</u>	<u>3,533</u>
 <u>Note 3E: Other Revenue</u>		
Other Revenue		
Grants received	227	181
Sponsorship and donations received	6,886	6,808
Other revenue	3,600	10,012
Total other revenue	<u>10,713</u>	<u>17,001</u>

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	2003	2002
	\$'000	\$'000
Note 4: Operating Expenses		
<u>Note 4A: Employee expenses</u>		
Wages and salary	43,135	42,333
Superannuation	7,279	6,684
Leave and other entitlements	7,067	3,526
Performance pay	757	168
Separation and redundancy payments	219	1,922
Other employee expenses	1,856	1,819
Total employee benefits expense	60,313	56,452
Workers' compensation premiums	432	924
Total employee expenses	60,745	57,375

Note 4B: Supplier expenses

Goods from related entities	86	637
Goods from external entities	8,809	12,200
Services from related entities	2,599	6,407
Services from external entities	32,579	40,777
Total suppliers expenses	44,073	60,021

Note 4C: Depreciation and amortisation

Depreciation of property, plant and equipment	15,693	13,710
Amortisation of leased and intangible assets	627	587
Total depreciation and amortisation	16,320	14,297

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Land and buildings		
Buildings	1,462	1,308
Leasehold improvements	503	876
Infrastructure, plant and equipment		
Computer equipment	490	262
Plant, office equipment, furniture & fittings	1,205	1,124
Exhibition assets	2,689	2,130
Heritage and cultural assets		
Heritage and cultural assets	-	-
SSA heritage assets	9,361	8,027
Intangibles		
Software	606	559
Other	4	10
Total depreciation and amortisation	16,320	14,297

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	2003	2002
	\$'000	\$'000
<u>Note 4D: Write-down of assets</u>		
Financial assets		
Doubtful debts	11	955
Other financial assets	-	2
<i>Total financial assets</i>	<u>11</u>	<u>957</u>
Non-financial assets		
Write down of land and building revaluation decrement	-	82
Write down of plant and equipment revaluation decrement	-	33,431
Write down of intangibles revaluation decrement	-	221
Inventories - obsolete stock expense	30	206
<i>Total non financial assets</i>	<u>30</u>	<u>33,940</u>
Total write-down of assets	<u><u>41</u></u>	<u><u>34,897</u></u>

Note 4E: Grants

Grants to non-profit institutions	7,357	9,278
Grants to Commonwealth entities (1)	(872)	3,792
Grants to State and Territory governments	57	1,362
Grants to other entities	1,741	4,008
Total Grants	<u>8,283</u>	<u>18,440</u>

The nature of the grants are as follows:

Centenary Of Federation	43	2,063
Software Engineering	2,393	3,470
Telecommunications Consumer Representation	53	712
NetAlert	500	1,500
Community Broadcasting Foundation (1)	5,092	4,949
Telecommunications AccessAbility	-	536
Arts Support Program	175	188
Book Industry Assistance Package (2)	(892)	2,300
Indigenous Cultural Property	492	289
Support Arts and Culture	89	2,418
Supporting Anti-Drugs Initiative	331	15
Other	7	-
Total Grants	<u>8,283</u>	<u>18,440</u>

(1) - The \$4.949m reported as 'Information Technology Online' grant expense in 2001-02 was actually Community Broadcasting Foundation' grant expense and is reported as such above.

(2) - Includes the recognition of a prepayment of \$1.192m in 2002-03, previously recognised as a grants expense in 2001-02.

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	<u>2003</u> <u>\$'000</u>	<u>2002</u> <u>\$'000</u>
Note 4F: Other expenses		
Other	<u>588</u>	<u>530</u>
Total other expenses	<u>588</u>	<u>530</u>
Note 5: Borrowing Costs Expense		
Interest	<u>238</u>	<u>10</u>
Total borrowing costs expense	<u>238</u>	<u>10</u>

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	2003	2002
	\$'000	\$'000
Note 6: Financial Assets		
<u>Note 6A: Cash</u>		
Cash on hand	55	64
Special Accounts	2,816	-
Departmental (other than special accounts)	25,554	17,578
Total cash	28,424	17,642
All cash recognised is a current asset.		
<u>Note 6B: Receivables</u>		
Goods and services	3,588	4,198
Less: Provision for doubtful debts	(989)	(999)
	2,599	3,199
Receivable from DoFA	24,152	-
Loans	648	829
GST receivable from the ATO	1,131	673
Other	42	6,974
Total receivables (net)	28,572	11,675
All receivables are current assets.		
Receivables (gross) are aged as follows:		
Overdue by:		
less than 30 days	27,067	9,521
30 to 60 days	498	512
60 to 90 days	89	453
more than 90 days	1,907	2,188
Total receivables (gross)	29,561	12,674
The provision for doubtful debts is aged as follows:		
Overdue by:		
less than 30 days	(9)	(999)
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	(980)	-
Total provision for doubtful debts (gross)	(989)	(999)
<u>Note 6C: Investments</u>		
Current		
Term deposits - < 7 days	-	19,000
Term deposits - > 7 days	-	1,813
	-	20,813

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	2003	2002
	\$'000	\$'000
Note 6D: Accrued Revenue		
Goods and services	90	786
Interest	46	7
	136	793
All accrued revenue is a current asset.		
Note 6E: Other Financial Assets		
Assets Pending Disposal	-	10
	-	10
All other financial assets are current assets.		
Note 7 Non-Financial Assets		
Note 7A: Land and Buildings		
Land - at 30 April 2002 valuation (deprival)	2,850	2,850
Accumulated depreciation	-	-
	2,850	2,850
Buildings & leasehold improvements - at cost	2,943	493
Accumulated depreciation	(210)	(75)
	2,733	418
Buildings & leasehold improvements - at 30 June 2002 valuation (deprival)	4,032	5,118
Accumulated depreciation	(2,268)	(2,614)
	1,764	2,504
Buildings & leasehold improvements - at 30 April 2002 valuation (deprival)	28,857	28,857
Accumulated depreciation	(3,084)	(2,280)
	25,773	26,577
Buildings & leasehold improvements - at 31 December 2001 valuation (deprival)	27,772	27,772
Accumulated depreciation	(7,074)	(6,380)
	20,698	21,392
Buildings & leasehold improvements - under finance lease	175	175
Accumulated amortisation	(131)	(114)
	44	61
Buildings & leasehold improvements - work in progress at cost	439	-
Total Land and Buildings (non-current)	54,302	53,802
Note 7B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment - at cost	5,824	1,630
Accumulated depreciation	(809)	(268)
	5,015	1,362
Infrastructure, plant and equipment - at 30 June 2002 valuation (deprival)	2,209	2,399
Accumulated depreciation	(1,617)	(1,257)
	592	1,142
Infrastructure, plant and equipment - at 30 April 2002 valuation (deprival)	10,950	10,950
Accumulated depreciation	(5,468)	(4,230)
	5,482	6,720

Department of Communications, Information Technology and the Arts
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	2003	2002
	\$'000	\$'000
Infrastructure, plant and equipment - at 31 December 2001 valuation (deprival)	30,033	30,103
Accumulated depreciation	(18,087)	(15,455)
	11,946	14,648
Infrastructure, plant and equipment - at 31 July 2000 valuation (deprival)	679	679
Accumulated depreciation	(443)	(388)
	236	291
Infrastructure, plant and equipment - work in progress at cost	1,350	708
Total Infrastructure, Plant and Equipment (non-current)	24,621	24,871

Note 7C: Heritage and Cultural Assets

Heritage and cultural assets - at cost	12,782	3,274
Accumulated depreciation	(461)	(15)
	12,321	3,259
Heritage and cultural assets - at 30 June 2002 valuation (deprival)	27,019	27,023
Accumulated depreciation	-	-
	27,019	27,023
Heritage and cultural assets - at 30 April 2002 valuation (deprival)	205,141	205,141
Accumulated depreciation	(39,290)	(30,375)
	165,851	174,766
Total Heritage and Cultural Assets (non-current)	205,191	205,048

Plant and equipment under finance leases is subject to revaluation. The carrying amount is included in the valuation figures above and is separately disclosed in Table C below. Revaluations were in accordance with the revaluation policy stated at Note 1.

Note 7D: Intangibles

Computer software - at cost	4,342	4,106
Accumulated amortisation	(2,971)	(2,457)
	1,371	1,649
Computer software internally developed - work in progress	323	1,386
Other intangibles - at 2001- 2002 valuation (deprival)	52	52
Accumulated amortisation	(52)	(48)
	-	4
Total Intangibles (non-current)	1,694	3,039

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Note 7E: Analysis of Property, Plant, Equipment and Intangibles

Table A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles.

Item	Total Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land & Buildings \$'000	Total Infrastructure Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
As at 1 July 02									
Gross book value	2,850	62,415	65,265	46,470	235,438	5,492	52	5,544	352,717
Accumulated depreciation	-	(11,463)	(11,463)	(21,599)	(30,390)	(2,457)	(48)	(2,505)	(65,957)
Net book value	2,850	50,952	53,802	24,871	205,048	3,035	4	3,039	286,760
Additions:									
by purchase	-	2,550	2,550	4,895	3,403	520	-	520	11,368
from acquisitions operations	-	-	-	-	-	-	-	-	-
other acquisitions	-	-	-	-	6,105	-	-	-	6,105
Net revaluation increment/(decrement)	-	-	-	-	-	-	-	-	-
Reclassification's	-	354	354	(59)	-	(295)	-	(295)	-
Depreciation/amortisation expense	-	(1,965)	(1,965)	(4,384)	(9,361)	(606)	(4)	(610)	(16,320)
Disposals:									
write off's	-	(425)	(425)	(28)	-	-	-	-	(453)
from disposal of operations	-	(14)	(14)	(31)	-	(750)	-	(750)	(795)
other disposals	-	-	-	(643)	(4)	(210)	-	(210)	(857)
As at 30 June 03									
Gross book value	2,850	64,219	67,069	51,045	244,942	4,665	52	4,717	367,773
Accumulated depreciation/amortisation	-	(12,767)	(12,767)	(26,424)	(39,751)	(2,971)	(52)	(3,023)	(81,965)
Net Book Value	2,850	51,452	54,302	24,621	205,191	1,694	-	1,694	285,808

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Table B: Assets at Valuation.

Item	Total Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land & Buildings \$'000	Total Infrastructure Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
As at 30 June 03									
Gross value	2,850	60,836	63,686	43,871	232,160	-	52	52	339,769
Accumulated depreciation/amortisation	-	(12,557)	(12,557)	(25,615)	(39,290)	-	(52)	(52)	(77,514)
Net book value	2,850	48,279	51,129	18,256	192,870	-	-	-	262,255
As at 30 June 02									
Gross value	2,850	61,922	64,772	44,131	232,164	-	52	52	341,119
Accumulated depreciation/amortisation	-	(11,388)	(11,388)	(21,331)	(30,375)	-	(48)	(48)	(63,142)
Net book value	2,850	50,534	53,384	22,800	201,789	-	4	4	277,978

Table C: Assets Held under Finance Lease.

Item	Total Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land & Buildings \$'000	Total Infrastructure Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
As at 30 June 03									
Gross value	-	175	175	-	-	-	-	-	175
Accumulated depreciation/amortisation	-	(131)	(131)	-	-	-	-	-	(131)
Net book value	-	44	44	-	-	-	-	-	44
As at 30 June 02									
Gross value	-	175	175	-	-	-	-	-	175
Accumulated depreciation/amortisation	-	(114)	(114)	-	-	-	-	-	(114)
Net book value	-	61	61	-	-	-	-	-	61

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Table D: Assets under Construction.

Item	Total Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land & Buildings \$'000	Total Infrastructure Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	Other Intangibles \$'000	Total Intangibles \$'000	TOTAL \$'000
Gross value at 30 June 03	-	439	439	1,350	-	323	-	323	2,112
Gross value at 30 June 02	-	-	-	708	-	1,386	-	1,386	2,094

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	2003	2002
	\$'000	\$'000
<u>Note 7F: Inventories</u>		
Finished goods (cost)	571	2,941
Provision for obsolete stock	(57)	(226)
Inventories held for sale	<u>514</u>	<u>2,715</u>
Inventories not held for sale (cost)	<u>225</u>	<u>164</u>
Total inventories	<u>739</u>	<u>2,879</u>

All departmental inventories are current assets.

<u>Note 7G: Other Non-Financial Assets</u>		
Prepayments	<u>4,064</u>	<u>667</u>
	<u>4,064</u>	<u>667</u>

All other non-financial assets are current assets.

Note 8 - Interest Bearing Liabilities

Leases

Finance lease commitments

Payable:

within one year	30	22
in one to five years	30	53
in more than five years	<u>-</u>	<u>-</u>
Minimum lease payments	<u>60</u>	<u>75</u>
Deduct: future finance charges	<u>(7)</u>	<u>-</u>
Net lease liability	<u>53</u>	<u>75</u>

Lease liability is represented by:

Current	25	25
Non-current	<u>28</u>	<u>50</u>
Net lease liability	<u>53</u>	<u>75</u>

Finance leases exist in relation to leasehold improvements. The leases are non-cancellable and for fixed terms averaging 3 years, with a maximum of 5 years. The Agency guarantees the residual values of all assets leased.

Department of Communications, Information Technology and the Arts
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	2003	2002
	\$'000	\$'000
Note 9: Provisions		
<u>Note 9A: Capital Use Charge Provision</u>		
Capital Use Charge	-	-
Balance owing 1 July 2002	-	-
Capital Use Charge provided for during the period	33,844	21,539
Capital Use Charge paid	(33,844)	(21,539)
Balance owing 30 June 2003	-	-

The Capital Use Charge provision is a current liability

<u>Note 9B: Employee Provisions</u>		
Salaries, wages and superannuation	1,494	1,594
Leave and associated on costs	16,465	14,871
Separations and redundancies	-	346
Aggregate employee entitlement liability	17,959	16,811
Other	35	19
Aggregate employee benefit liability and related on-costs	17,994	16,830
Current	9,267	14,650
Non-Current	8,727	2,180
	17,994	16,830

Note 10: Payables

<u>Note 10A: Supplier Payables</u>		
Trade creditors	835	2,069
Other creditors	994	1,630
Total supplier payables	1,829	3,699

All suppliers payables are current liabilities.

<u>Note 10B: Other Payables</u>		
Unearned income	3,166	4,068
GST Payable to the ATO	133	196
Other	5,248	2,124
Total other payables	8,547	6,388

All other payables are current liabilities.

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Note 11A: Analysis of equity

Item	Accumulated results		Asset revaluation reserve		Total Reserves		Contributed equity		TOTAL EQUITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening balance as at 1 July 2002	170,000	190,469	82,842	14,978	82,842	14,978	61,405	51,928	314,247	257,375
Net surplus/deficit	43,514	1,119	-	-	-	-	-	-	43,514	1,119
Net revaluation increment/(decrement)	-	-	-	67,864	-	67,864	-	-	-	67,864
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Currency translation gain/(loss)	-	-	-	-	-	-	-	-	-	-
Transactions with owners:										
Distributions to owner:										
Returns on Capital										
Dividends										
Capital Use Charge	(33,844)	(24,349)	-	-	-	-	1,189	3,414	(32,655)	(20,935)
Returns of Capital										
Restructuring	33	2,761	(293)	-	(293)	-	(3,859)	3,321	(4,118)	6,082
Other										
Contributions by owner:										
Appropriations (equity injections)							90	2,742	90	2,742
Restructuring										
Other (1)							(1,758)	-	(1,758)	-
Transfers to/(from)/between reserves										
Closing balance as at 30 June 2003	179,704	170,000	82,549	82,842	82,549	82,842	57,067	61,405	319,320	314,247
<i>Less: Outside equity interests</i>	-	-	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	179,704	170,000	82,549	82,842	82,549	82,842	57,067	61,405	319,320	314,247

(1) - Return to DoFA of ABIS Interest recognised in the Department's financial statements in 2000-01 and 2001-02.

Department of Communication, Information Technology and the Arts
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Note 11B: Restructuring

As a result of restructuring of administrative arrangements, the Department assumed responsibility for Tax and Venture Capital and ICT policy functions on 1 July 2002 from the National Office for the Information Economy. The Department relinquished its responsibility for the Information Access Branch.

(2002: The Department assumed responsibility for the distribution of Government information and the responsibility of the Sport and sport agencies policy on the 26 November 2001 from the Department of Finance and Administration and the Department of Industry, Tourism and Resources respectively. The Department transferred its responsibility for the National Office for the Information Economy and the Cultural Heritage programs from 1 July 2001 and 26 November 2001 respectively.)

In respect of functions assumed, the net book value of departmental assets and liabilities transferred to the Department of Communications, Information Technology and the Arts for no consideration and recognised at the date of transfer were:

	2003	2002
	\$'000	\$'000
Total assets recognised	281	7,864
Total liabilities recognised	<u>(580)</u>	<u>(2,076)</u>
Net assets assumed	<u>(299)</u>	<u>5,788</u>

In respect of functions relinquished, the following assets and liabilities were transferred by the Department of Communications, Information Technology and the Arts:

National Office for the Information Economy

Total assets relinquished	(5,750)	(4,268)
Total liabilities relinquished	<u>1,933</u>	<u>4,561</u>
Net assets relinquished	<u>(3,817)</u>	<u>293</u>
Net Contribution by Government as owner during the year	<u>(4,116)</u>	<u>6,081</u>

Departmental revenues and expenses, for the full year, for the functions assumed by the Department of Communications, Information Technology and the Arts are as follows:

Tax and Venture Capital and ICT policy functions

Revenues

Recognised by National Office for the Information Economy	-	-
Recognised by Department of Communications, Information Technology and the Arts	<u>520,000</u>	<u>-</u>
Total revenues	<u>520,000</u>	<u>-</u>

Expenses

Recognised by National Office for the Information Economy	-	-
Recognised by Department of Communications, Information Technology and the Arts	<u>1,874,683</u>	<u>-</u>
Total expenses	<u>1,874,683</u>	<u>-</u>

Information Access Branch

Revenues

Recognised by National Office for the Information Economy	14,082,298	-
Recognised by Department of Communications, Information Technology and the Arts	<u>-</u>	<u>-</u>
Total revenues	<u>14,082,298</u>	<u>-</u>

Expenses

Recognised by National Office for the Information Economy	12,057,695	-
Recognised by Department of Communications, Information Technology and the Arts	<u>-</u>	<u>-</u>
Total expenses	<u>12,057,695</u>	<u>-</u>

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Note 11B: Restructuring

Government Information

Revenues

Recognised by the Department of Finance and Administration	-	7,545
Recognised by the Department of Communications, Information Technology and the Arts	-	7,117
Total revenues	-	<u>14,662</u>

Expenses

Recognised by the Department of Finance and Administration	-	6,451
Recognised by the Department of Communications, Information Technology and the Arts	-	7,835
Total expenses	-	<u>14,286</u>

Sport and sport agencies

Revenues

Recognised by the Department of Industry, Tourism and Resources	-	434
Recognised by the Department of Communications, Information Technology and the Arts	-	520
Total revenues	-	<u>954</u>

Expenses

Recognised by the Department of Industry, Tourism and Resources	-	434
Recognised by the Department of Communications, Information Technology and the Arts	-	486
Total expenses	-	<u>920</u>

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	2003	2002
	\$'000	\$'000
Note 12: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	28,424	36,642
Statement of Financial Position items		
comprising above cash: 'Financial Asset - Cash'	28,424	36,642
Reconciliation of net surplus to net cash from operating activities:		
Net surplus (deficit)	43,514	1,124
Depreciation/amortisation	16,320	14,297
Loss on disposal of non-current assets	479	17
Fixed asset additions, non-cash	-	(8)
Write-down of infrastructure, plant and equipment	59	37,458
Other non-cash items	(5,892)	-
Reversal of previous asset write-down	187	755
Restructuring - net expenses (revenue)	-	6,092
Other	(4)	(6,955)
(Increase)/decrease in receivables	6,928	1,413
(Increase)/decrease in accrued revenue	622	(407)
(Increase)/decrease in inventories	(35)	(2,299)
(Increase)/decrease in other non-financial assets	(4,442)	2
Increase/(decrease) in provisions and payables for suppliers	(1,806)	1,177
Increase(decrease) in provisions and payables for employees	1,163	(2,341)
Increase/(decrease) in provisions and payables for grants	-	(77)
Increase/(decrease) in other provision and payables	(289)	(845)
Change in other assets and liabilities	1,016	(3,779)
Cash transfers to the OPA	(24,152)	-
Net cash from/(used by) operating activities	33,668	45,624

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	2003	2002
	\$'000	\$'000

Note 13: Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities in respect of a make good provision at a cost of \$450,000 (2002: Nil). The amount represents an estimate of the Agency's liability if it was to vacate the premises of 38 Sydney Avenue.

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2003 (2002: Nil)

Remote Contingencies

There are no remote contingencies as at 30 June 2003 (2002: Nil)

Department of Communications, Information Technology and the Arts
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	2003	2002
	\$'000	\$'000
Note 14: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 to \$110,000	1	-
\$110,001 to \$120,000	2	6
\$120,001 to \$130,000	2	6
\$130,001 to \$140,000	1	6
\$140,001 to \$150,000	8	2
\$150,001 to \$160,000	2	2
\$160,001 to \$170,000	4	2
\$170,001 to \$180,000	2	5
\$180,001 to \$190,000	1	-
\$190,001 to \$200,000	3	-
\$200,001 to \$210,000	-	1
\$210,001 to \$220,000	1	-
\$220,001 to \$230,000	1	1
\$240,001 to \$250,000	2	-
\$340,001 to \$350,000	1	-
	<u>31</u>	<u>31</u>
	2003	2002
The aggregate amount of total remuneration of executives shown above:	5,234,134	4,481,027
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	328,288	Nil

Calculation of Executive Remuneration

In accordance with the Finance Ministers Orders and Accounting Standards, the remuneration figures include salary, performance pay, motor vehicle lease costs, allowances, fringe benefits tax, separation and redundancy payments. The remuneration figures also include the following accrued liabilities recorded by the Department during the financial year: salary, annual leave, long service leave and superannuation.

Included in the executive remuneration figures are officers who have acted in an executive office position during the financial year, whose aggregate remuneration, as noted above, for the financial year is \$100,000 or more.

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Note 15: Remuneration of Auditors 2003 2002

Financial statement audit services are provided free of charge to the department.

The fair value of the services provided was:

Department	379,000	350,000
Regional Telecommunications Infrastructure Account	<u>3,000</u>	<u>3,000</u>
	<u><u>382,000</u></u>	<u><u>353,000</u></u>

No other services were provided by the Auditor-General.

Note 16: Average Staffing Levels

The average staffing levels for the department during the year were: 877 893

Note 17: Act of Grace Payments, Waivers and Defective Administration Scheme

No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*.

No payments were made under the 'Defective Administration Scheme' during reporting period. Nil Nil

Department of Communications, Information Technology and the Arts
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Note 18: Financial Instruments

Note 18A: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefits can be reliably measured.	
Cash	6A	Cash is recognised at its nominal amount. Interest on cash at bank is credited to revenue as it accrues.	Monies in the Department's bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on money market call rates. Rates have averaged 2% for the year. (2002 : 2%) Interest is paid quarterly.
Receivables - Goods and services	6B	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectibility of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2002: 30 days).
Receivables - DoFA	6B	Return of cash to DoFA at 30/6/03 in accordance with DoFA policy.	Monies can be drawn down from DoFA as required by the Department.
Receivables - Other	6B	These receivables include GST receivable from the ATO and a loan to the National Museum of Australia (NMA).	Terms are as per ATO guidelines. Terms for the loan to NMA as per the loan agreement which reflects full repayment of the loan by the end of the 2005-06 financial year.
Term deposit	6C	The term deposit is recognised at cost. Interest is accrued to revenue as it is earned.	The deposits are with approved deposit funds including DoFA and the RBA, invested for terms with an average of 7 days at 4.7% per annum (2002 : 4.4%).
Accrued revenue	6D	Accrued revenue is recognised when a service has been provided but billing has not yet occurred.	As for receivables for goods and services once billed.
Financial Liabilities		Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance lease liabilities	8	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the lease.	At reporting date, the Department had finance leases with the terms averaging three years and maximum term of five years. The interest rate implicit in the leases averaging 11.9% (2002: 11.6%). The lease assets secure the lease liabilities.
Capital Use Charge payable	9A	This payable is recognised as the amount outstanding on the estimated amount to be paid in accordance with calculations outlined by the Department of Finance and Administration	The amount payable for the year was at 1% and in accordance with the original budget estimate. 2002: 11% of the closing balance of Equity less movements in the Asset Revaluation Reserve and any capital injections, less any amount settled before 30 June.
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received and (irrespective of having been invoiced).	Settlement is usually made net 30 days.

Department of Communications, Information Technology and the Arts
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Note 18: Financial Instruments

18B: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate			Non-Interest Bearing			Total		Weighted Average Effective Interest Rate	
		2003		2002		2003		2002		2003		2002	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
		1 year or less		1 to 2 years		2 to 5 years		> 5 years					
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets													
Cash at bank	6A	28,419	17,637	-	-	-	-	-	-	28,424	17,642	2	2
Receivables - Goods and Services	6B	-	-	-	-	-	-	5	-	2,599	3,199	N/A	N/A
Receivables - from DoFA	6B	-	-	-	-	-	-	24,152	-	24,152	8,476	N/A	N/A
Receivables - Other	6B	-	-	-	-	-	-	1,821	8,476	1,821	8,476	N/A	N/A
Investment - Term Deposit	6C	-	-	20,813	-	-	-	-	-	-	20,813	4.7	4.4
Accrued Revenue	6D	-	-	-	-	-	-	136	793	136	793	N/A	N/A
Other Financial Assets	6E	-	-	-	-	-	-	-	10	-	10	N/A	N/A
Total		28,419	17,637	-	-	-	-	28,713	12,483	57,132	50,933		
										347,743	341,239		
Financial Liabilities													
Finance Lease Liability	8	-	-	28	25	-	-	-	-	53	75	11.9	11.6
Payables and Provisions - Goods and Services	10A	-	-	-	-	-	-	1,829	3,699	1,829	3,699	N/A	N/A
Payables and Provisions - Grants	10B	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables and Provisions - Other	10B	-	-	-	-	-	-	8,547	6,388	8,547	6,388	N/A	N/A
Total		-	-	28	25	-	-	10,376	10,087	10,429	10,162		
Total Liabilities										28,423	26,992		
Unrecognised Indemnity													

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 18: Financial Instruments (continued)

Note 18C: Net Fair Values of Financial Assets and Liabilities

	Note	2003		2002	
		Total Carrying	Aggregate Net	Total Carrying	Aggregate Net
		Amount \$'000	Fair Value \$'000	Amount \$'000	Fair Value \$'000
Departmental Financial Assets					
Cash at bank	6A	28,424	28,424	17,642	17,642
Receivables - Goods and Services (net)	6B	2,599	2,599	3,199	3,199
Receivables - DoFA	6B	24,152	24,152	-	-
Receivables - Other	6B	1,821	1,821	8,476	8,476
Investment - Term Deposit	6C	-	-	20,813	20,813
Accrued Revenue	6D	136	136	793	793
Other Financial Assets	6E	-	-	10	10
Total Financial Assets		57,132	57,132	50,933	50,933
Financial Liabilities (Recognised)					
Finance Lease Liability	8	53	53	75	75
Capital Use Charge	9A	-	-	-	-
Trade Creditors	10A	1,829	1,829	3,699	3,699
Payables and Provisions - Other	10B	8,547	8,547	6,388	6,388
Total Financial Liabilities (Recognised)		10,429	10,429	10,162	10,162
Financial Liabilities (Unrecognised)					
Indemnities		-	-	-	-
Total Financial Liabilities (Unrecognised)		-	-	-	-

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of the finance lease and government loan liability are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values of trade creditors approximate their carrying amounts.

The net fair value of the indemnities given is taken to be nil as the likelihood of any part of it being called upon is regarded as

Note 18D: Credit Risk Exposures

The Department's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Department of Communications, Information Technology and the Arts
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	2003	2002
	\$'000	\$'000
Note 19: Revenues Administered on Behalf of Government		
Interest		
Deposits	3,736	4,681
Total interest	3,736	4,681
Dividends		
Telstra dividend	1,676,014	1,418,166
Australia Post dividend	314,000	368,000
Total dividends	1,990,014	1,786,166
Other revenue		
Universal Service Obligation levy	62,945	67,610
National Relay Service levy	13,311	12,714
Other	59,586	41,984
Total other revenue	135,842	122,308
Total Revenues Administered on Behalf of Government	2,129,592	1,913,155

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2003

	2003	2002
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government		
Grants		
State and Territory Governments	28,494	73,597
Local Governments	20,763	30,483
Private sector	35,582	66,549
Overseas	1,763	2,200
Non-profit institutions	78,669	53,633
Commonwealth entities	96,927	76,361
Other entities	25,029	21,410
Total grants	287,227	324,233
<i>The nature of grants are as follows:</i>		
Compensation to SITA	1,747	2,310
Cooma Call and Technology Centre	-	7
Cultural Development Program	37,243	32,033
National Cultural Heritage	-	117
Local Government Fund	4,572	21,509
Building Additional Rural Networks	5,512	9,784
Telecommunication Needs of Remote Island Communities	7,756	1,565
Television Fund	4,584	5,835
TV Blackspots - Alternative Technical Solutions	100	-
Federation Fund	31,824	65,380
Film Finance Corporation Australia Ltd	57,500	50,000
Regional Telecommunications Infrastructure Account - NTN General Fund	44,104	49,153
Major ICT - Center of Excellence	10,300	-
National Transmission Network	577	1,232
Contributions to International Organisations (ITU/APT)	19	48
Building IT Strengths	24,833	64,605
Rural Internet Access	258	301
Extension of Mobile Phones on Highways	955	44
Hall of Fame	-	1,000
Digital Interference Studies	42	126
Foot and Mouth Prevention	21,200	5,904
Sports and Recreation	1,162	1,485
Support for Water and Alpine Safety	1,992	-
Launceston Broadband Project	940	2,940
Telecommunications Action Plan for Remote Indigenous Communities	333	-
Telecommunications Service Inquiry Implementation	29,674	8,855
Total	287,227	324,233
Subsidies		
Other than to related entities:		
Mobile Phones along Highways	17,142	5,585
Regional Mobile Phone Program	692	-
Total subsidies	17,834	5,585

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

	2003	2002
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government (continued)		
Suppliers		
Rendering of services - external parties	586	8,032
Total suppliers	586	8,032
Depreciation and amortisation		
<i>Depreciation</i>		
Heritage and cultural assets	4,592	812
Buildings	7,846	3,102
Total depreciation	12,438	3,914
<i>Amortisation</i>		
Investment purchase premium	436	607
Total amortisation	436	607
Total depreciation and amortisation	12,874	4,521
Write down and impairment of assets		
Financial assets	-	100
Non-financial assets - buildings	9,274	-
Total write down and impairment of assets	9,274	100
Other expenses		
International membership fees	5,774	5,545
Universal Service Obligation payments	62,945	67,610
National Relay Service payments	13,409	12,714
Public Lending Rights/Education Lending Rights schemes	15,749	14,477
Untimed Local Calls	25,499	80,000
Telecommunication Service Inquiry - Internet Assistance	2,350	3,965
Other goods and services	598	2
Total other expenses	126,324	184,313
Total Expenses Administered on Behalf of Government	454,119	526,784

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

	2003	2002
	\$'000	\$'000
Note 21: Assets Administered on Behalf of Government		
Financial Assets		
Cash		
Administered payments bank account	334	524
Total cash	<u>334</u>	<u>524</u>
Receivables		
Goods and Services Tax	5,222	8,384
Goods and services	357	100
Less: Provision for doubtful debts	(100)	(100)
Other accrued revenue	49	765
Total receivables (net)	<u>5,528</u>	<u>9,149</u>
Receivables (gross) are aged as follows:		
Not overdue	5,271	9,249
Overdue by:		
Less than 30 days	257	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	100	-
Total receivables (gross)	<u>5,628</u>	<u>9,249</u>
The provision for doubtful debts is aged as follows:		
Not overdue	-	(100)
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	(100)	-
Total provision for doubtful debts	<u>(100)</u>	<u>(100)</u>

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2003

		2003	2002
		\$'000	\$'000
Note 21: Assets Administered on Behalf of Government (continued)			
Financial Assets (continued)	Notes		
Investments	25		
<i>Investments of Special Accounts</i>			
Fixed coupon bonds		-	50,000
Bank accepted commercial bills		12,844	5,922
On call account		5,508	146
		<u>18,352</u>	<u>56,068</u>
<i>Investments in Portfolio Agencies:</i>			
Commonwealth authorities			
- Australia Council	A	7,701	7,701
- Australian Broadcasting Authority	B	271	271
- Australian Broadcasting Corporation and controlled entities	C	421,232	377,958
- Australian Communicatons Authority	D	11,627	11,347
- Australian Film Commission	E	5,905	5,905
- Australian Film, Television and Radio School	F	24,221	24,221
- Australian National Maritime Museum	G	16,375	16,375
- National Gallery of Australia and controlled entity	H	250,967	246,967
- National Library of Australia	I	151,711	150,681
- National Museum of Australia	J	1,977	6
- Special Broadcasting Service Corporation and controlled entity	K	62,715	54,135
- Australian Sports Commission	L	107,092	107,092
- Australian Sports Drug Agency	M	193	193
		<u>1,061,987</u>	<u>1,002,852</u>
Commonwealth companies			
- Film Finance Corporation Australia Ltd	N	66,530	66,530
- Australia Business Arts Foundation Ltd	O	1,166	1,166
- Australian Postal Corporation	P	855,500	855,500
- Bundanon Trust	Q	18,772	18,772
- Film Australia Ltd	R	13,921	13,921
- Telstra Corporation Ltd (a)	S	4,952,886	4,952,886
		<u>5,908,775</u>	<u>5,908,775</u>
Total investments		<u>6,989,114</u>	<u>6,967,695</u>
(a) The market value of the share holding is estimated to be \$28.36 billion as at the 30th June 2003 (\$30.04 billion 2001-02)			
Other financial assets			
Investment purchase premium		-	436
Total other financial assets		<u>-</u>	<u>436</u>
Total financial assets		<u>6,994,976</u>	<u>6,977,804</u>

Department of Communications, Information Technology and the Arts
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	2003	2002
	\$'000	\$'000
Note 21: Assets Administered on Behalf of Government (continued)		
Non-financial assets		
Land and buildings		
Building - National Institute of Dramatic Art (NIDA) - as at 30 June 2002 valuation (deprival)	57,845	57,845
Accumulated depreciation	<u>(12,487)</u>	<u>(4,640)</u>
	45,358	53,205
Building - National Museum of Australia - at cost ⁽¹⁾	-	9,661
Accumulated depreciation	<u>-</u>	<u>(386)</u>
	-	9,275
Assets under construction - NIDA Building at cost	<u>770</u>	-
Total land and buildings	<u>46,128</u>	<u>62,480</u>
Heritage and cultural assets		
Building - Old Parliament House - as at 30 June 2001 valuation (deprival)	80,171	80,171
Accumulated depreciation	<u>(56,893)</u>	<u>(52,745)</u>
	23,278	27,426
Building - Old Parliament House - at cost	8,871	6,472
Accumulated depreciation	<u>(335)</u>	<u>-</u>
	8,536	6,472
OPH Heritage Collections - as at 30 June 2002 valuation (deprival)	9,765	9,765
Accumulated depreciation	<u>(6,533)</u>	<u>(6,424)</u>
	3,232	3,341
OPH Heritage Collections - at cost	163	-
Accumulated depreciation	<u>-</u>	<u>-</u>
	163	-
Assets under construction - OPH Building - at cost	<u>593</u>	-
Total heritage and cultural assets	<u>35,802</u>	<u>37,239</u>
Other non-financial assets		
Prepayments paid	<u>13,552</u>	2,823
Total other non-financial assets	<u>13,552</u>	<u>2,823</u>
Total non-financial assets	<u>95,482</u>	<u>102,542</u>
Total Assets Administered on Behalf of Government	<u>7,090,458</u>	<u>7,080,346</u>

⁽¹⁾ The National Museum of Australia assets include building infrastructure assets (net book value as at 1 July 2002 \$9,274,332). They were transferred to the National Capital Authority as at 1 July 2002.

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2003

	2003	2002
	\$'000	\$'000
Note 22: Liabilities Administered on Behalf of Government		
Payables		
Suppliers		
Trade creditors	214	2,215
Accrued expenses	448	61
Total suppliers	662	2,276
Grants and subsidies		
Public sector:		
State and Territory Governments	-	160
Local Governments	7	125
Private sector - Non-profit entities	115	1,622
Other entities	20	(81)
Total grants and subsidies	142	1,826
Other payables		
Retention monies for Acton Peninsula project	221	1,227
GST payable	5,301	2,462
Other	445	-
Total other payables	5,967	3,689
Total Payables	6,771	7,791
Total Liabilities Administered on Behalf of Government	6,771	7,791

All liabilities are expected to be settled within 12 months of the balance date.

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2003

	2003	2002
	\$'000	\$'000
Note 23: Administered Reconciliation Table		
Administered assets less administered liabilities as at 1 July	7,072,555	6,865,974
<i>Plus</i> Administered revenues	2,129,592	1,913,155
<i>Less</i> Administered expenses	(454,119)	(526,783)
Administered transfers to/(from) Government:		
Appropriation Transfers from OPA	477,422	708,736
Transfers to OPA	(2,135,417)	(2,005,449)
Restructuring	-	107,152
Transfers to other Entities	-	-
Transfers from other Entities	-	-
Administered revaluations taken to/(from) reserves	-	9,770
Currency translation gain/(loss)	-	-
Changes in accounting policies	-	-
Non cash adjustments for prior years	(6,346)	-
Administered assets less administered liabilities as at 30 June	7,083,687	7,072,555

Department of Communications, Information Technology and the Arts
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2003	2002
<u>\$'000</u>	<u>\$'000</u>

Note 24: Administered Contingent Liabilities and Assets

Quantifiable Administered Contingencies

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Unquantifiable Administered Contingencies

There were no unquantifiable Administered Contingencies at 30 June 2003.

Remote Administered Contingencies

The Department reports remote contingent liability in respect of a request to rectify a contract to make an additional \$2.5m (2002:Nil) payable. The Department denies that there are any legal grounds which require the contract to be rectified.

The following borrowings have been guaranteed/indemnified by the Commonwealth in respect of entities within the Communications, Information Technology and the Arts portfolio:

Guarantees

ABC Corporate Loan - Japanese Yen 3,000,000,000 (maturity 29/05/04)	40,000	40,000
ABC Domestic Bond (maturity 01/03/03)	-	50,000
Total guarantees	<u>40,000</u>	<u>90,000</u>

Department of Communications, Information Technology and the Arts
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for the year ended 30 June 2003

Note 25: Administered Investments

Ownership %	Principal Activity
100	A Australia Council - Provides advice and support for artistic practice of individuals and companies. Encourages all Australian people, communities, institutions in cultural activities. A body corporate established under the Australia Council Act 1975.
100	B Australian Broadcasting Authority - Facilitates an accessible, diverse and responsible broadcasting industry. A body corporate established under the Broadcasting Services Act 1992.
100	C Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the Australian Broadcasting Corporation Act 1983.
100	D Australian Communications Authority - Contributes to an efficient, competitive and self regulated communications sector. A body corporate established under the Australian Communications Authority Act 1997.
100	E Australian Film Commission - Development of an internationally competitive Australian screen industry. A body corporate established under the Australian Film Commission Act 1975.
100	F Australian Film, Television and Radio School - Provides advanced education and training programs for Australian media industry. A body corporate established under the Australian Film, Television and Radio School Act 1973.
100	G Australian National Maritime Museum - Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the Australian National Maritime Museum Act 1990.
100	H National Gallery of Australia and controlled entity - Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the National Gallery Act 1975.
100	I National Library of Australia - Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the National Library Act 1960.
100	J National Museum of Australia - Provides Australian's accessibility to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the National Museum of Australia Act 1980.
100	K Special Broadcasting Service Corporation and controlled entity - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the Special Broadcasting
100	L Australian Sports Commission - Provides national leadership in all facets of sport development, through National Sporting Organisations, government, the private sector, schools and the wider community. A body corporate established under the Australian Sp
100	M Australian Sports Drug Agency - Provides an independent, high quality and accessible anti-doping program to enable Australian sport to deter athletes from banned doping practices. A body corporate established under the Australian Sports Drug Agency Act 1
100	N Film Finance Corporation Australia Ltd - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
100	O Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd) - Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.
100	P Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the Australian Postal Corporation Act 1989.
100	Q Bundanon Trust - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
100	R Film Australia Ltd - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
51	S Telstra Corporation Ltd - Provides a national and international telecommunication service. Incorporated in Australia.

Department of Communication, Information Technology and the Arts
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Note 26: Administered Restructuring

As a result of restructuring of administrative arrangements, the Department assumed responsibility for the ICT Centre of Excellence (nil assets transferred).

(2002: As a result of restructuring of administrative arrangements, the Department relinquished its responsibility for the National Australia Day Council (\$74,000 in liabilities) and the Cultural Heritage programs (\$132,250 in assets) from 26 November 2001.)

Department of Communications, Information Technology and the Arts
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Note 27: Administered Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods	Nature of underlying instrument
Financial Assets (Recognised):		Financial assets are recognised when control over future economic benefits is established and the amount of the benefits can be reliably measured.	
Cash	21	Cash is recognised at its nominal amount.	The balance of the administered cash account is non-interest bearing.
Receivables - goods and services	21	These receivables are recognised at the nominal amounts due less a provision for doubtful debts.	Credit terms are net 30 days (2001-02: 30 days).
Investments - Special Accounts	21	Investments of special account balances are valued at purchase price (excluding any accrued interest and purchase premium).	Fixed coupon bonds, bank accepted commercial bills and on-call deposits held with banks.
Investments - Portfolio Agencies	21	These investments are valued at the proportion of the net asset figure from each Agency's balance sheet as at 30 June 1997, owned by the Commonwealth and adjusted for equity contributions since that date, in accordance with Finance Minister's Orders 6B Ad	
Accrued revenue	21	Accrued revenue is recognised when a service has been provided but billing has not yet occurred.	As for receivables for goods and services once billed.
Financial Liabilities		Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Payables	22	Payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

Department of Communications, Information Technology and the Arts
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(a) Terms, Conditions and Accounting Policies (continued)

Financial Instrument	Notes	Accounting Policies and Methods	Nature of underlying instrument
Grants liabilities	22	In 2002-2003 grants made by the Department are recognised as liabilities and expenses only at the time that the grantee has met all obligations and conditions implicit in the grant agreement.	The Department approves applications for grants based on application merits and selection criteria. Grant payments are made in accordance with the grant agreement. The timing of the payments is based on the nature of the project to which the grant is to b
<i>Unrecognised Financial Liabilities</i> Other financial guarantees	24	The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Contingencies and in note 24, the Schedule of Remote Contingencies. At the time of completion of the financial statements, there was no reason to believe that the guarantee	The guarantees are over borrowings of the Australian Broadcasting Corporation and the Special Broadcasting Service Corporation. The borrowings are at interest rates of 4% per annum (2001-2002; 5.9% per annum). The borrowings will mature by May 2004.
Indemnities	24	The maximum amount payable under the indemnities given is disclosed in the Schedule of Contingencies and in note 24, the Schedule of Remote Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indem	The Commonwealth indemnifies owners and promoters of exhibits against loss or damage of cultural objects loaned for display in approved exhibitions.

Department of Communications, Information Technology and the Arts
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 for the year ended 30 June 2003

(b) Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate					Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		1 year or less		1 to 2 years		2 to 5 years		5-5 years		Total		2003		2002
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%		
Financial Assets														
Cash	21	334	524	-	-	-	-	-	-	-	334	524	2.0%	
Receivables - Goods and Services	21	-	-	-	-	-	-	-	-	5,479	8,384	N/A		
Investments	21	5,508	146	-	-	-	-	-	-	6,970,762	6,967,695	4.7%		
Accrued Revenue	21	-	-	12,844	55,922	-	-	-	-	49	765	N/A		
Other financial assets	21	-	-	-	-	-	-	-	-	6,981,997	6,976,436	N/A		
Total Assets		5,842	670	12,844	55,922	-	-	-	-	6,976,290	6,971,212	7,094,458	7,089,245	
Financial Liabilities														
Payables and provisions - Goods and Services	22	-	-	-	-	-	-	-	-	214	2,215	N/A		
Payables and provisions - Grants	22	-	-	-	-	-	-	-	-	142	1,826	N/A		
Payables and provisions - Other	22	-	-	-	-	-	-	-	-	6,415	3,259	N/A		
Total Liabilities		-	-	-	-	-	-	-	-	6,771	7,299	-	-	
Liabilities Not Recognised														
Guarantees to Public Trading Enterprises	24	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Guarantees - Borrowings	24	-	50,000	-	-	-	-	-	-	-	-	40,000	90,000	
Other guarantees	24	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Contingent liabilities - indemnity of art exhibitors	24	-	-	-	-	-	-	-	-	-	-	-	5.9%	
Other	24	-	-	-	-	-	-	-	-	-	-	-	0.0%	
Total Financial Liabilities (Unrecognised)		-	50,000	-	-	-	-	-	-	-	-	40,000	90,000	

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(c) Net Fair Values of Administered Financial Assets and Liabilities

	Note	2003		2002	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Administered Financial Assets					
Cash	21	334	334	524	524
Receivables - goods and services	21	5,479	5,479	8,384	8,384
Investments	21	6,989,114	6,989,114	6,967,695	6,967,695
Accrued revenue	21	49	49	765	765
Other financial assets	21	-	-	436	436
Total Financial Assets		6,994,976	6,994,976	6,977,804	6,977,804
Financial Liabilities (Recognised)					
Payables and provisions - goods and services	22	214	214	2,215	2,215
Payables and provisions - grants	22	142	142	1,826	1,826
Payables and provisions - others	22	6,415	6,415	3,750	3,750
Total Financial Liabilities (Recognised)		6,771	6,771	7,791	7,791
Financial Liabilities (Unrecognised)					
Guarantees to Public Trading Enterprises	24	-	-	-	-
Guarantees - Borrowings	24	40,000	40,000	90,000	90,000
Other guarantees*	24	-	-	-	-
Commonwealth indemnity of art exhibitions*	24	-	-	-	-
Other indemnities	24	-	-	-	-
Total Financial Liabilities (Unrecognised)		40,000	40,000	90,000	90,000

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of the guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. The net fair values of trade creditors approximate their carrying amounts.

The net fair values of indemnities are regarded as the maximum possible loss which the Commonwealth faces while the indemnity remains current.

* Schedule of Remote Administered Contingencies

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Note 28: Appropriations

Table 28A: Cash Basis Acquittal of Appropriations from Acts 1 and 3

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
Year ended 30 June 2003	\$	\$	\$	\$
Balance carried forward from previous period	5,729,392	5,478,841	-	32,252,371
Appropriation for reporting period (Act 1)	111,183,000	154,757,000	-	134,441,000
Appropriation for reporting period (Act 3)	5,981,000	-	-	10,311,000
Adjustments by the Finance Minister	-	-	-	16,292,000
Amounts from Advance to the Finance Minister	-	-	-	-
Refunds credited (FMA s. 30)	-	-	-	-
GST credits (FMA s. 30A)	2,982,774	7,687,873	-	4,299,979
Amortisations to 'net appropriations' (FMA s. 31)	-	-	-	24,963,748
Other amortisations or adjustments (inc adjustment for CUC)	-	-	-	1,764,487
Transfers to/from other agencies (FMA s. 32)	-	-	-	-
Administered appropriation lapsed	-	-	-	-
Available for payments	125,876,166	167,923,714	-	208,032,584
Payments made	(111,753,791)	(118,695,488)	-	(184,422,373)
Appropriations credited to Special Accounts	-	-	-	-
Balance carried to the next year	14,122,375	49,228,226	-	23,610,212
<i>Represented by:</i>				
Cash	14,122,375	49,228,226	-	23,610,212
Appropriations receivable	-	-	-	-
Total	14,122,375	49,228,226	-	23,610,212

Any amounts of administered appropriation for 2002-03 shown above as lapsed are estimates only as determination are not made by the Finance Minister until after the completion of these statements.

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
Year ended 30 June 2002	\$	\$	\$	\$
Balance carried forward from previous period	3,082,347	4,626,744	-	15,005,220
Total annual appropriation	89,557,000	189,193,000	-	168,461,000
Adjustments and amortisations to appropriations	-	-	-	49,104,474
Other revenues	9,844,163	19,577,404	-	5,296,880
Transfers to/from other agencies (FMA s. 32)	1,222,000	-	-	(3,700,000)
Payments made during the year	(97,976,118)	(207,918,307)	-	(24,108,401)
Appropriation credited to special accounts	-	-	-	(181,506,802)
Balance carried forward to next year	5,729,392	5,478,841	-	32,252,371
<i>Represented by:</i>				
Cash	5,729,392	5,478,841	-	32,252,371
Appropriations receivable	-	-	-	-
Total	5,729,392	5,478,841	-	32,252,371

Department of Communications, Information Technology and the Arts
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 for the year ended 30 June 2003

Table 28B: Cash Basis Acquittal of Appropriations from Acts 2 and 4

Particulars	Outcome 1			Outcome 2			Non-operating				Total	
	SPPs	New	SPPs	New	SPPs	New	Equity	Loans	Previous Years Outputs	Admin assets and liabilities		
Year ended 30 June 2003												
Balance carried forward from previous period	-	-	-	-	-	-	1,600,000	-	-	-	-	1,600,000
Appropriation for reporting period (Act 2)	-	-	-	-	-	-	90,000	-	-	-	-	90,000
Appropriation for reporting period (Act 4)	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments determined by the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-
Amounts from Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (FMA s 30)	-	-	-	-	-	-	-	-	-	-	-	-
GST credits (FMA s 30A)	-	-	-	-	-	-	-	-	-	-	-	-
Other annotations	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to/from other agencies (FMA s 32)	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed	-	-	-	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	-	-	1,690,000	-	-	-	-	1,690,000
Payments made	-	-	-	-	-	-	(70,984)	-	-	-	-	(70,984)
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Balance carried to the next year	-	-	-	-	-	-	1,619,016	-	-	-	-	1,619,016
Represented by:												
Cash	-	-	-	-	-	-	1,619,016	-	-	-	-	1,619,016
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	1,619,016	-	-	-	-	1,619,016

Any amounts of administered appropriation for 2002-03 shown above as lapsed are estimates only as determinations are not made by the Finance Minister until after the completion of these statements.

Particulars	Outcome 1			Outcome 2			Non-operating				Total	
	SPPs	New	SPPs	New	SPPs	New	Equity	Loans	Previous Years Outputs	Admin assets and liabilities		
Year ended 30 June 2002												
Balance carried forward from previous period	-	-	-	-	-	-	-	-	-	-	-	3,167,595
Total appropriation	-	-	-	-	-	-	2,742,000	-	-	-	-	227,742,000
Adjustments and annotations to appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to/from other agencies (FMA s 32)	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed	-	-	-	-	-	-	(1,142,000)	-	-	-	-	(24,309,595)
Payments made during the year	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation credited to special accounts	-	-	-	-	-	-	-	-	-	-	-	-
Balance carried forward to next period	-	-	-	-	-	-	1,600,000	-	-	-	-	1,600,000
Represented by:												
Cash	-	-	-	-	-	-	1,600,000	-	-	-	-	1,600,000
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	1,600,000	-	-	-	-	1,600,000

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Table 28C: Cash Basis Acquittal of Special Appropriations (Limited Amount)

Particulars	Administered Expenses			Departmental Outputs	Capital	Total
	Outcome 1	Outcome 2	Outcome 5			
Year ended 30 June 2003	\$	\$	\$	\$	\$	\$
Appropriation (Supplementary Measures) Act - Book Industry Assistance Package						
Balance carried forward from previous period	12,791	-	-	192,111	-	204,902
Current appropriation	9,300,000	-	-	3,000,000	-	12,300,000
Adjustments by the Finance Minister	-	-	-	-	-	-
Amounts from Advances to the Finance Minister	-	-	-	-	-	-
Refunds credited (FMA s 30)	-	-	-	-	-	-
GST credits (FMA s 30A)	-	-	-	-	-	-
Annotations to 'net appropriations' (FMA s 31)	-	-	-	-	-	-
Other annotations	-	-	-	-	-	-
Transfers to/from other agencies (FMA s 32)	-	-	-	-	-	-
Administered appropriation lapsed	-	-	-	-	-	-
Available for payments	9,312,791	-	-	3,192,111	-	12,504,902
Payments made	-	-	-	(2,812,685)	-	(2,812,685)
Appropriations credited to Special Accounts	-	-	-	-	-	-
Balance carried to the next year	9,312,791	-	-	379,426	-	9,692,217
Represented by:						
Cash	9,312,791	-	-	379,426	-	9,692,217
Appropriation receivable	-	-	-	-	-	-
Total	9,312,791	-	-	379,426	-	9,692,217

Any amounts of administered appropriation for 2002-03 shown above as lapsed are estimates only as determinations are not made by the Finance Minister until after the completion of these statements.

Particulars	Administered Expenses			Departmental Outputs	Capital	Total
	Outcome 1	Outcome 2	Outcome 5			
Year ended 30 June 2002	\$	\$	\$	\$	\$	\$
Balance carried forward from previous period	-	-	-	93,732	-	93,732
Total appropriation	8,370,000	-	-	2,930,000	-	11,300,000
GST credits (FMA s 30A)	80	-	-	-	-	80
Adjustments and annotations to appropriations	-	-	-	-	-	-
Transfers to/from other agencies (FMA s 32)	-	-	-	-	-	-
Administered appropriation lapsed	-	-	-	-	-	-
Payments made during the year	(8,357,289)	-	-	(2,831,621)	-	(11,188,910)
Appropriation credited to special accounts	-	-	-	-	-	-
Balance carried forward to next period	12,791	-	-	192,111	-	204,902
Represented by:						
Cash	12,791	-	-	192,111	-	204,902
Appropriation receivable	-	-	-	-	-	-
Total	12,791	-	-	192,111	-	204,902

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

Note 28D—Special Accounts

ArbBank Business Operations Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: for payment on program and operations of ArbBank.

Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year	1,784,304	1,469,439							1,784,304	1,469,439
Appropriation for reporting period		-								-
Other revenues	2,803,496	2,939,097							2,803,496	2,939,097
Cost recovered	-	-							-	-
GST Credits (FMA s.30A)	-	-							-	-
Available for payments	4,587,800	4,408,536							4,587,800	4,408,536
Payments made	(2,821,500)	(2,624,232)							(2,821,500)	(2,624,232)
Balance carried forward to next year	2,066,291	1,784,304							2,066,291	1,784,304
<i>Represented by:</i>										
Cash	2,066,291	1,784,304							2,066,291	1,784,304
Total	2,066,291	1,784,304							2,066,291	1,784,304

Standing Committee on Recreation & Sport Consultant Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: for the expenditure on pilot studies, specialist technical advice and programs, and projects initiated by the Sport and recreation Ministers' Council and its subordinate body, the Standing Committee on recreation and Sport, the cost of which will be met jointly by the Commonwealth, States and Territories.

Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year	152,025	-							152,025	-
Appropriation for reporting period		-								-
Other revenues	390,173	417,025							390,173	417,025
Cost recovered	-	-							-	-
GST Credits (FMA s.30A)	48,576	-							48,576	-
Available for payments	590,774	417,025							590,774	417,025
Payments made	(534,337)	(265,000)							(534,337)	(265,000)
Balance carried forward to next year	56,437	152,025							56,437	152,025
<i>Represented by:</i>										
Cash	56,437	152,025							56,437	152,025
Total	56,437	152,025							56,437	152,025

Department of Communications, Information Technology and the Arts
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Note 28D... Special Accounts

National Science and Technology

Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payment for contributions and donations in accordance with their terms.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year						492,488			257,790	492,488
Appropriation for reporting period					257,790					
Other revenues		277,112		277,112					277,880	277,112
Cost recovered										
GST Credits (FMA s.30A)										
Available for payments				520,200	525,670				525,670	520,200
Payments made				(146,582)	(146,582)	(162,410)			(146,582)	(162,410)
Balance carried forward to next year					389,088	257,790			389,088	257,790
<i>Represented by:</i>										
Cash					389,088	257,790			389,088	257,790
Total					389,088	257,790			389,088	257,790

ScreenSound Australia Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payments and investments of donations received in connection with the activities of ScreenSound Australia.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year										
Appropriation for reporting period							403,790	408,318	403,790	408,318
Other revenues										
Cost recovered							14,851	17,530	14,851	17,530
GST Credits (FMA s.30A)										
Available for payments							418,641	425,848	418,641	425,848
Payments made							(114,682)	(22,058)	(114,682)	(22,058)
Balance carried forward to next year							303,959	403,790	303,959	403,790
<i>Represented by:</i>										
Cash							303,959	403,790	303,959	403,790
Total							303,959	403,790	303,959	403,790

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 28D—Special Accounts

Federation Fund Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: for expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year	52,851,004	111,315,182							52,851,004	111,315,182
Appropriation for reporting period	-	8,865,033	-	-	-	-	-	-	-	8,865,033
Other revenues	-	-	-	-	-	-	-	-	-	-
Cost recovered	-	-	-	-	-	-	-	-	-	-
GST Credits (FMA s.30A)	190,505	-	-	-	-	-	-	-	190,505	-
Adjustment for prior period reporting error	(2,315,829)	-	-	-	-	-	-	-	(2,315,829)	-
Available for payments	50,725,680	120,180,215	-	-	-	-	-	-	50,725,680	120,180,215
Payments made	(3,022,932)	(67,329,211)	-	-	-	-	-	-	(3,022,932)	(67,329,211)
Balance carried forward to next year	17,702,748	52,851,004	-	-	-	-	-	-	17,702,748	52,851,004
Represented by:										
Cash on call held in the OPA	17,702,748	52,851,004	-	-	-	-	-	-	17,702,748	52,851,004
Total	17,702,748	52,851,004	-	-	-	-	-	-	17,702,748	52,851,004

National Cultural Heritage Account⁽¹⁾

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Protection of Movable Cultural Heritage Act 1986, section 25.

Purpose: provide for acquisition of Australian protected objects for display or safe-keeping.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year	-	249,000	-	-	-	-	-	-	-	249,000
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	-
Cost recovered	-	-	-	-	-	-	-	-	-	-
GST Credits (FMA s.30A)	-	-	-	-	-	-	-	-	-	-
Available for payments	-	249,000	-	-	-	-	-	-	-	249,000
Payments made	-	(116,750)	-	-	-	-	-	-	-	(116,750)
Balance carried forward to next year	-	132,250	-	-	-	-	-	-	-	132,250
Represented by:										
Cash on call held in the OPA	-	132,250	-	-	-	-	-	-	-	132,250
Total	-	132,250	-	-	-	-	-	-	-	132,250

⁽¹⁾ This program was transferred, under AAO's November 2001, to the Department of Environment and Heritage.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

Note 28D—Special Accounts

Regional Telecommunications Infrastructure Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: For payments on financial assistance for telecommunications related projects in regional areas.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year			84,992,111	97,289,777					84,992,111	97,289,777
Appropriation for reporting period			-	48,270,816					-	48,270,816
Other revenues			-	-					-	-
Cost recovered			-	-					-	-
GST Credits (FMA s.30A)			4,262,840	-					4,262,840	-
Adjustment for prior period reporting error			47,535,151	-					47,535,151	-
Available for payments			136,790,102	145,560,593					136,790,102	145,560,593
Payments made			(82,359,944)	(60,368,482)					(82,359,944)	(60,368,482)
Balance carried forward to next year			54,430,158	84,992,111					54,430,158	84,992,111
<i>Represented by:</i>										
Cash on call held in the OPA			54,430,158	84,992,111					54,430,158	84,992,111
Total			54,430,158	84,992,111					54,430,158	84,992,111

National Relay Service

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 102.

Purpose: provision of telephone services to the hearing impaired.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year										
Appropriation for reporting period										
Other revenues			13,311,472	12,614,143					13,311,472	12,614,143
Cost recovered			-	-					-	-
GST Credits (FMA s.30A)			2,973,982	-					2,973,982	-
Available for payments			16,285,454	12,614,143					16,285,454	12,614,143
Payments made			(16,285,705)	(12,614,143)					(16,285,705)	(12,614,143)
Balance carried forward to next year			(251)	-					(251)	-
<i>Represented by:</i>										
Cash repayable to the OPA			(251)	-					(251)	-
Total			(251)	-					(251)	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 28D—Special Accounts

Television Fund Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telstra (Corporation) Act 1991, section 63.
Purpose: provide for extended and or improved television broadcast service coverage.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year			34,787,885	42,172,874					34,787,885	42,172,874
Appropriation for reporting period										
Other revenues			852,322	-					852,322	-
Cost recovered										
GST Credits (FMA s.30A)			137,559	-					137,559	-
Adjustment for prior period reporting error			818,222	-					818,222	-
Available for payments			36,595,988	42,172,874					36,595,988	42,172,874
Payments made			(6,386,178)	(7,384,989)					(6,386,178)	(7,384,989)
Balance carried forward to next year			28,209,810	34,787,885					28,209,810	34,787,885
<i>Represented by:</i>										
Cash on call held in the OPA			28,209,810	34,787,885					28,209,810	34,787,885
Total			28,209,810	34,787,885					28,209,810	34,787,885

Unlimited Local Call Access Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telstra (Corporation) Act 1991, section 52.
Purpose: provide unlimited local call access to people outside the standard zone and extend facilities to those within.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year			56,067,763	135,000,000					56,067,763	135,000,000
Appropriation for reporting period										
Other revenues			3,591,390	3,925,056					3,591,390	3,925,056
Cost recovered										
GST Credits (FMA s.30A)			2,500,000	-					2,500,000	-
Available for payments			62,159,153	138,925,056					62,159,153	138,925,056
Payments made			(27,999,000)	(82,857,293)					(27,999,000)	(82,857,293)
Balance carried forward to next year			34,160,153	56,067,763					34,160,153	56,067,763
<i>Represented by:</i>										
Cash on call held in the OPA			34,160,153	56,067,763					34,160,153	56,067,763
Total			34,160,153	56,067,763					34,160,153	56,067,763

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

Note 28D... Special Accounts

Universal Service Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999.
Purpose: for collection of payments from telecommunications carriers required to contribute to the costs of providing universal service requirements.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year										
Appropriation for reporting period										
Other revenues			62,944,989	67,609,579					62,944,989	67,609,579
Cost recovered										
GST Credits (FMA s.30A)			5,973,982						5,973,982	
Available for payments			68,918,971	67,609,579					68,918,971	67,609,579
Payments made			(68,872,724)	(67,609,579)					(68,872,724)	(67,609,579)
Balance carried forward to next year			46,247						46,247	
<i>Represented by:</i>										
Cash on call held in the OPA			46,247						46,247	
Total			46,247						46,247	

Other Trust Monies Account

Legal Authority: Financial Management and Accountability Act 1997, section 20.

Purpose: For payments of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Balance carried forward from previous year										
Appropriation for reporting period										
Other revenues										
Cost recovered										
GST Credits (FMA s.30A)										
Available for payments										
Payments made									5,763,050	3,143,358
Balance carried forward to next year									26,305	
<i>Represented by:</i>									5,789,355	3,143,358
Cash on call held in the OPA									(5,789,355)	(3,143,358)
Total										

Note: This Special Account is not attributable to an Outcome.

Department of Communications, Information Technology and the Arts
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Note 29: Reporting by Outcome

Note 29A: Net Cost of Outcome Delivery

The Department of Communications, Information Technology and the Arts uses a costing system to determine the attribution of its shared items (overheads) to Outcomes and Outputs. This system is based on the use of actual Average Staffing Levels (ASL's) month by month. The basis of attribution used in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2002-03

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Administered expenses	159,603	165,377	294,516	361,306	-	-	-	-	454,119	526,683
Departmental expenses	36,075	55,026	51,357	54,298	16,125	19,419	27,427	60,362	130,985	189,105
Total expenses	195,678	220,403	345,873	415,604	16,125	19,419	27,427	60,362	585,104	715,788
<i>Cost recovered from provision of goods and services to the non-government sector</i>										
Administered	-	-	-	-	-	-	-	-	-	-
Departmental	-	-	-	-	-	-	-	-	-	-
Total costs recovered	-	-	-	-	-	-	-	-	-	-
<i>Other external revenues</i>										
Administered	59,587	19,384	2,070,005	1,893,771	-	-	-	-	2,129,592	1,913,155
Departmental	9,489	15,796	4,702	10,023	5,534	8,285	6,639	8,028	26,365	42,132
Total other external revenues	69,076	35,180	2,074,707	1,903,794	5,534	8,285	6,639	8,028	2,155,957	1,955,287
Net cost/(contribution) of outcome	126,602	185,223	(1,728,834)	(1,488,190)	10,591	11,134	20,788	52,334	(1,570,853)	(1,239,499)

The Outcomes above are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome. The Capital Usage Charge is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports. Refer to Outcome 1 Resourcing Table on page 15 and Outcome 2 Resourcing Table on page 43 and Outcome 3 Resourcing Table on page 83 and Outcome 4 Resourcing Table on page 95 of this Annual Report.

Department of Communications, Information Technology and the Arts
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2003

Note 29B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

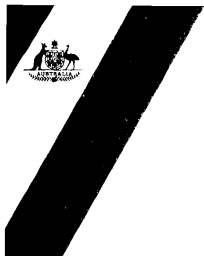
	Output 1.1		Output 1.2		Output 1.3		Group Total		Outcome 2		Outcome 3		Output 4.1		Outcome 4		Group Total		Outcome Total		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
	Departmental expenses																				
Employees	11,616	5,859	373	17,862	17,847	25,873	22,821	6,783	5,949	4,769	10,744	10,744	10,744	10,744	10,744	10,744	60,745	57,376	60,745	57,376	
Suppliers	9,483	6,372	310	28,750	16,165	16,290	18,539	5,661	7,181	2,396	6,516	6,516	6,516	6,516	6,516	6,516	44,073	60,976	44,073	60,976	
Depreciation and amortisation	409	784	272	760	784	853	3,620	3,037	10,348	861	9,647	11,209	9,647	16,320	14,297	16,320	14,297	16,320	14,297	16,320	
Grants	195	43	7	7,039	245	8,038	11,401	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	185	211	716	615	1,111	372	694	61	3,252	-	-	-	-	-	-	-	-	-	-	-	-
Total departmental expenses	21,888	-	963	55,026	36,075	51,357	54,298	16,125	19,419	8,046	60,362	27,427	60,362	130,985	189,105	130,985	189,105	130,985	189,105	130,985	189,105
Funded by:																					
Revenues from government	24,087	12,516	470	43,338	37,073	50,621	51,864	13,950	12,309	8,174	40,939	46,490	40,939	148,134	148,450	148,134	148,450	148,134	148,450	148,134	148,450
Sale of goods and services	3,517	1,482	39	8,934	5,038	3,420	6,665	4,570	5,803	1,456	1,631	1,456	1,631	14,484	23,053	14,484	23,053	14,484	23,053	14,484	23,053
Other non-taxation revenues	1,863	2,584	4	6,996	4,451	1,282	3,202	964	2,466	418	6,381	5,184	6,381	11,881	18,745	11,881	18,745	11,881	18,745	11,881	18,745
Total departmental revenues	29,467	-	513	58,968	46,562	55,323	61,731	19,484	20,578	10,048	48,951	53,130	48,951	174,499	190,228	174,499	190,228	174,499	190,228	174,499	190,228

The Outcomes above are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcomes. The Capital Usage Change is not included in any of the outcomes as it is not an operating expense in end-of-year financial reports.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 29C - Major Classes of Administered Revenues and Expenses by Outcomes

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Revenues										
Dividends	-	-	1,990,014	1,786,166	-	-	-	-	1,990,014	1,786,166
Other sources	59,587	19,385	79,991	107,604	-	-	-	-	139,578	126,989
Total Administered Revenues	59,587	19,385	2,070,005	1,893,770	-	-	-	-	2,129,592	1,913,155
Administered Expenses										
Subsidies	-	-	17,834	5,385	-	-	-	-	17,834	5,385
Grants	121,720	146,517	165,507	177,716	-	-	-	-	287,227	324,233
Other	37,883	18,860	111,175	178,106	-	-	-	-	149,058	196,966
Total Administered Expenses	159,603	165,377	294,516	361,407	-	-	-	-	454,119	526,784



INDEPENDENT AUDIT REPORT

To the Minister for Communications Information Technology and the Arts

Scope

I have audited the financial statements of the Regional Telecommunications Infrastructure Account for the year ended 30 June 2003. The financial statements comprise:

- Statement by the Departmental Secretary and Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

The Secretary of the Department of Communications Information Technology and the Arts is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Regional Telecommunications Infrastructure Account position, its financial performance and its cash flows.

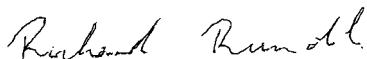
The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Audit Opinion

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Regional Telecommunications Infrastructure Account as at 30 June 2003, and its financial performance and cash flows for the year then ended.



Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
28 August 2003



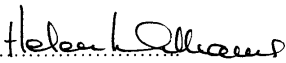
Australian Government
**Department of Communications,
Information Technology and the Arts**

**REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT
(RTIA)**

2002-2003 FINANCIAL STATEMENTS

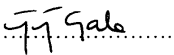
**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed... 

Helen Williams AO
Secretary

28 August 2003

Signed... 

Jennifer Gale FCPA
Chief Financial Officer

28 August 2003

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Revenues from ordinary activities			
Revenues from Government	4	-	47,859
Adjustment for prior period reporting error	4	<u>(297)</u>	-
Total revenues from ordinary activities		<u>(297)</u>	<u>47,859</u>
Expenses from ordinary activities			
Subsidies	5	17,142	5,585
Grants	6	54,152	54,813
Adjustment for prior period reporting error	7	<u>349</u>	-
Total expenses from ordinary activities		<u>71,643</u>	<u>60,398</u>
Net operating surplus / (deficit) from ordinary items		(71,940)	(12,539)
Net increase (decrease) in administered net assets		<u>(71,940)</u>	<u>(12,539)</u>

The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
ASSETS			
Financial assets			
Cash	8	54,430	84,992
Receivables	9	53	47,832
Total financial assets		54,483	132,824
Non financial assets			
Prepayments	10	6,401	-
Total non financial assets		6,401	-
Total assets		60,884	132,824
LIABILITIES			
Payables			
Grants	11	-	-
Other	11	-	-
Total payables		-	-
Total liabilities		-	-
EQUITY			
Accumulated surplus		60,884	132,824
Total equity	13	60,884	132,824
Total equity and liabilities		60,884	132,824
Current liabilities		-	-
Non-current liabilities		-	-
Current assets		60,884	132,824
Non-current assets		-	-

The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF CASH FLOWS
for the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
OPERATING ACTIVITIES			
Cash received			
Revenue from government		47,535	48,392
Other - GST Received from ATO		4,263	-
Total cash received		51,798	48,392
Cash used			
Subsidies		(18,076)	(5,585)
Grants		(64,284)	(55,105)
Total cash used		(82,360)	(60,690)
Net cash from operating activities	14	(30,562)	(12,298)
FINANCING ACTIVITIES			
Cash received			
GST Appropriations		4,263	122
Total cash received		4,263	122
Cash used			
Return of GST Appropriations to OPA		(4,263)	(122)
Total cash used		(4,263)	(122)
Net cash from financing activities		-	-
Net increase in cash held		(30,562)	(12,298)
Cash at the beginning of the reporting period		84,992	97,290
Cash at the end of the reporting period		54,430	84,992

The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF COMMITMENTS
for the year ended 30 June 2003

	Note	2003 \$'000	2002 \$'000
BY TYPE			
OTHER COMMITMENTS			
Grants ⁽¹⁾		<u>47,688</u>	<u>75,776</u>
Total other commitments		<u>47,688</u>	<u>75,776</u>
COMMITMENTS RECEIVABLE			
		-	1,997
Net commitments		<u>47,688</u>	<u>73,779</u>
BY MATURITY			
All net commitments			
One year or less		47,065	63,938
From two to five years		<u>623</u>	<u>9,841</u>
Net commitments		<u>47,688</u>	<u>73,779</u>

NB: All commitments are GST inclusive where relevant

- 1 Commitments are comprised of future payments to State Government, Local Government and private organisations for work relating to RTIA, Rural Internet Access, Mobile Phones Along Highways and Telecommunication Needs of Remote Communities.

The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF CONTINGENCIES
for the year ended 30 June 2003

SCHEDULE OF CONTINGENCIES	Note	2003 \$'000	2002 \$'000
Contingent Liabilities		-	-
Contingent Assets		-	-
<i>Net contingent liabilities</i>		<u>-</u>	<u>-</u>

Unquantifiable and remote contingencies are disclosed in note 12: Contingent Liabilities and Assets

The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

No.	Description
1	Objectives of the RTIA
2	Funding arrangements for the RTIA
3	Summary of significant accounting policies
4	Revenues from Government
5	Subsidies
6	Grants
7	Adjustment for prior period reporting error
8	Cash
9	Receivables
10	Prepayments
11	Payables
12	Contingent Liabilities and Assets
13	Equity
14	Cash flow reconciliation
15	Financial instruments
16	Receipts and expenditure of the Special Account

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Introduction

The Regional Telecommunications Infrastructure Account (RTIA) is a special account funded through the partial sale of Telstra and the subsequent social bonus. The fund is administered through the Department of Communications, Information Technology and the Arts (DCITA).

Note 1 - Objectives of the RTIA

The objective of RTIA is to assist the economic and social development of regional, rural and remote Australia by funding projects which:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;
- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas; or
- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

Note 2 - Funding arrangements for the RTIA

The Government announced the establishment of the RTIA in December 1996 with total funding of \$250m, with \$50m being allocated each year from 1997-98 to 2001-02.

Of total funds \$9.606m has been allocated to manage the program, and is included in DCITA's departmental appropriation. Each year the balance of the \$50m allocation is transferred into the Regional Telecommunications Infrastructure Account Special Account, established under s20 of the *Financial Management and Accountability Act 1997*.

A further \$81.0m of funding was provided for three programs these being Telecommunication Needs of Remote Communities (\$20m), Rural Internet Access (\$36m) and Mobile Phones Along Highways (\$25m) all of which ran to 30 June 2003.

Note 3 - Summary of Significant Accounting Policies

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMO's being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Board;
- Consensus Views of the Urgent Issues Group.

The Statement of Financial Performance and Statement of Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the Statement of Financial Position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when, it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at note 12).

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

RTIA's continued existence, in its current form and with its current outputs, is dependent on Government policy and on continuing appropriation by Parliament of unspent funding of \$54.43m. The RTIA program was to end on 30 June 2002 however the funding for the program was rephased to 30 June 2004. The Rural Internet Access and Telecommunication needs of remote communities programs ended on 30 June 2003.

3.1 Changes in Accounting Policy

There are no changes in accounting policy.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

3.2 Rounding

Amounts have been rounded to the nearest \$1,000 except for Note 16.

3.3 Cash

Cash includes cheques, notes and coins held, deposits held at call with a bank or financial institution and cash held with the Official Public Account.

3.4 Financial Instruments

Accounting policies for financial instruments are stated at Note 15.

3.5 Taxation

The Account is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST).

Goods and Services Tax

Revenue and expenses are recognised net of the amount of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except receivables and payables.

3.6 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation and disclosure requirements in the financial statements and notes.

3.7 Grants and Subsidies

The Fund applies a uniform policy for all grants and subsidies. Grant and Subsidy liabilities are recognised to the extent that:

- (a) The services required to be performed by the grantee have been performed; or
- (b) The grant/subsidy eligibility criteria have been satisfied.

Where grant/subsidy monies are paid in advance of performance or eligibility, a prepayment is recognised. Grant commitments are reported in the Schedule of Commitments for any agreements signed that have not met the expense recognition criteria.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

	2003 \$'000	2002 \$'000
<u>Note 4 - Revenues from Government</u>		
Revenues from Government	-	47,859
Adjustment for prior period reporting error ⁽¹⁾	(297)	-
Total Revenues from Government	(297)	47,859

⁽¹⁾ In the 2000-01 financial year the revenue for RTIA was reported as \$48,540,000 when the correct Revenue from Government figure was \$48,243,000. The \$297,000 reduction in the current year Revenues from Government rectifies this situation.

Note 5 - Subsidies

Subsidies	17,142	5,585
Total	17,142	5,585

Note 6 - Grants

Grants		
Non profit institutions	23,549	17,662
State and Territory governments	14,816	23,618
Local government	12,673	8,724
Profit making entities (non Australian Government entities)	3,114	4,809
Total Grants	54,152	54,813

Note 7 - Other

Adjustment for prior period reporting error ⁽²⁾	349	-
Total Other	349	-

⁽²⁾ Over the life of the RTIA there have been several over and understated expenses reported. A complete review of reporting for the life of the project identified a net understatement of expenses of \$349k.

Note 8 - Cash

Cash	54,430	84,992
Total Cash	54,430	84,992

Note 9 - Receivables

Receivables	53	47,832
Total Receivables	53	47,832

Note 10 - Prepayments

Grants	6,401	-
Total Prepayments	6,401	-

Note 11 - Payables

Grants	-	-
Other	-	-
Total Payables	-	-

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 12 - Contingent Liabilities and Assets

Quantifiable Contingencies

Quantifiable contingencies that are not remote nor unquantifiable are reported in the Schedule of Contingencies as Quantifiable Contingencies

Unquantifiable Contingencies

There are no unquantifiable contingencies at 30 June 2003 (2001-02: Nil)

Remote Contingencies

The Account reports contingent liabilities in respect of a request to rectify a contract to make an additional \$2.5m (2002: Nil) payable. The department denies that there is any legal grounds which require the contract to be rectified.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 13 – Equity Movement Table

Item	Accumulated results		Total Reserves		Contributed equity		Total equity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening balance as at 1 July 2002	132,824	145,363	-	-	-	-	132,824	145,363
Net change in Administered net assets from operations	(71,940)	(12,539)	-	-	-	-	(71,940)	(12,539)
Injection / (disposal) of capital	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Closing balance as at 30 June	60,884	132,824	-	-	-	-	60,884	132,824
Total equity attributable to the Commonwealth	60,884	132,824	-	-	-	-	60,884	132,824

**Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

<u>Note 14 - Cash Flow Reconciliation</u>	2003	2002
	\$'000	\$'000
Administered		
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cashflows	54,430	84,992
Statement of Financial Position items comprising above cash:		
Financial Asset - Cash	54,430	84,992
Reconciliation of Operating surplus to net cash provided by operating activities		
Net surplus	(71,940)	(12,539)
(Increase) / Decreased in receivables	47,779	418
(Increase) / Decreased in prepayments	(6,401)	(7)
Increase / (Decrease) in grants payable	-	(170)
<i>Net cash provided by operating activities</i>	<u>(30,562)</u>	<u>(12,298)</u>

**Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003**

Note 15 Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Note	Accounting Policies and Methods	Nature of underlying instrument
<i>Financial Assets:</i>		<i>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</i>	
Cash	7	Deposit is recognised at its nominal amount.	The balance of the cash account is non interest bearing.
Receivables	8	These receivables are recognised at the nominal amounts.	Credit terms are net 30 days (2001/2002: 30 days).
<i>Financial Liabilities:</i>		<i>Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</i>	
Grants liabilities	9	Grants made by the Department are recognised as liabilities and expenses only at the time that the grantee has met all obligations and conditions implicit in the grant agreement.	The Department approves applications for grants based on application merits and selection criteria. Grant payments are made in accordance with the grant agreement. The timing of the payments is based on the nature of the project to which the grant is to be put towards and can be subject to the grantee fulfilling requirements relating to the project.

There are no unrecognised financial assets and financial liabilities

**Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

for the year ended 30 June 2003

(c) Net Fair Values of Agency Financial Assets and Liabilities

	Note	2003		2002	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial Assets					
Cash	8	54,430	54,430	84,992	84,992
Receivables	9	53	53	47,832	47,832
Total Financial Assets		54,483	54,483	132,824	132,824
Financial Liabilities (Recognised)					
Grants Payable	11	-	-	-	-
Other Payables	11	-	-	-	-
Total Financial Liabilities (Recognised)		-	-	-	-
Financial Assets					
The net fair value of cash and receivables approximate their carrying amounts.					
Financial Liabilities					
The net fair value of subsidies and grants payable approximate their carrying amounts.					

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 16 - Receipts and expenditure of the Special Account

Legal authority - *Financial Management and Accountability Act 1997*, section 20.

	2003	2003	2002	2002	2002
	Cash	Investments	Total	Cash	Investments
	\$	\$	\$	\$	\$
Amount available for appropriation at 1 July 2002	84,992,111	-	84,992,111	97,289,777	-
Plus: Appropriations credited during year	-	-	-	-	-
Other revenue credited during year	4,262,840	-	4,262,840	48,270,816	-
Receipts from realisation of investments	-	-	-	-	-
Adjustment for prior period reporting error	47,535,151	-	47,535,151	-	-
Total available for expenditure	136,790,102	-	136,790,102	145,560,593	-
Less: Payments made during the year	(82,359,944)	-	(82,359,944)	(60,568,482)	-
Amount available for appropriation at 30 June 2003	54,430,158	-	54,430,158	84,992,111	-
				145,560,593	(60,568,482)
				84,992,111	84,992,111