

Financial statements

SECTION 5

Independent audit report 268

2004–05 financial statements 270



INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005. The Department's Secretary is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance 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

of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Communications, Information Technology and the Arts, and that comply with accounting

standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Communications, Information Technology and the Arts:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of Communications, Information Technology and the Arts' financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
1 September 2005




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

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

2004-2005 FINANCIAL STATEMENTS

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

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records and 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

1 September 2005

Signed... 

Jennifer Gale FCPA
Chief Financial Officer

1 September 2005

Department of Communications, Information Technology and the Arts
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
Revenues from ordinary activities			
Revenue from Government	4A	114,180	120,590
Goods and services	4B	4,149	5,879
Interest	4C	12	79
Revenues from sale of assets	4D	24	69
Other revenue	4E	3,947	3,710
Total revenues from ordinary activities		122,312	130,327
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	5A	63,908	48,430
Suppliers	5B	38,824	37,962
Grants	5C	8,918	9,327
Depreciation and amortisation	5D	2,597	1,618
Write-down and impairment of assets	5E	11	-
Value of asset sold	4D	64	418
Subsidies	5G	-	-
Other expenses	5F	421	772
Total expenses from ordinary activities (excluding borrowing costs expense)		114,743	98,527
Borrowing costs expense	6	17	26
Net operating surplus / (deficit) from ordinary activities		7,552	31,774
Net credit / (debit) to asset revaluation reserve	12A	-	4,894
Increase / (decrease) in accumulated results on initial application of fair value under accounting standard AASB1041 <i>Revaluation of Non-current Assets</i>	12A	-	(2)
Total revenues, expenses and valuation adjustments attributable to the Australian Government and recognised directly in equity		-	4,892
Total changes in equity other than those resulting from transactions with the Australian Government as owners		7,552	36,666

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 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Financial assets			
Cash	7A	9,169	12,812
Receivables	7B	52,057	36,112
Accrued revenue	7C	22	41
<i>Total financial assets</i>		<u>61,248</u>	<u>48,965</u>
Non-financial assets			
Land and buildings	8A	6,165	4,784
Infrastructure, plant and equipment	8B	5,981	5,061
Heritage and cultural assets	8C	37,242	35,784
Inventories	8F	78	108
Intangibles	8D	742	1,058
Other non-financial assets	8G	1,919	4,537
<i>Total non-financial assets</i>		<u>52,127</u>	<u>51,332</u>
TOTAL ASSETS		<u>113,375</u>	<u>100,297</u>
LIABILITIES			
Interest bearing liabilities			
Leases	9	-	28
<i>Total interest bearing liabilities</i>		<u>-</u>	<u>28</u>
Provisions			
Employees	10A	18,340	14,826
Provision for makegood on leased property	10B	1,039	-
<i>Total provisions</i>		<u>19,379</u>	<u>14,826</u>
Payables			
Suppliers	11A	5,874	4,673
Unearned income	11B	2,209	1,915
Lease incentive	11C	349	246
Other payables	11D	846	375
<i>Total payables</i>		<u>9,278</u>	<u>7,209</u>
TOTAL LIABILITIES		<u>28,657</u>	<u>22,063</u>
NET ASSETS		<u>84,718</u>	<u>78,234</u>
EQUITY			
Contributed equity	12A	11,806	13,156
Reserves	12A	17,032	16,750
Retained surpluses / (accumulated deficits)	12A	55,880	48,328
TOTAL EQUITY		<u>84,718</u>	<u>78,234</u>
Current assets		28,990	53,610
Non-current assets		84,385	46,687
Current liabilities		14,427	13,563
Non-current liabilities		14,230	8,500

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 2005

	Notes	2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		5,018	7,460
Appropriations		112,621	125,267
Interest		15	171
Grant receipts		232	127
Net GST received from ATO		5,061	3,890
Other		2,384	1,598
Total cash received		125,331	138,513
Cash used			
Employees		(61,465)	(49,051)
Suppliers		(40,166)	(39,083)
Borrowing Costs		(2)	(53)
Grants		(7,127)	(10,404)
Cash transfers to OPA		(15,395)	(11,123)
Other		(923)	(883)
Total cash used		(125,078)	(110,597)
Net cash from / (used by) operating activities	13	253	27,916
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant, equipment and intangibles		24	54
Repayment of advance funding National Museum project		429	220
Total cash received		453	274
Cash used			
Purchase of property, plant, equipment and intangibles		(4,603)	(5,006)
Total cash used		(4,603)	(5,006)
Net cash from / (used by) investing activities		(4,150)	(4,732)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		3	340
Restructuring - transfer in ATSI/ATSIC		279	-
Total cash received		282	340
Cash used			
Restructuring - transfer out NOIE, SSA & NSTC		-	(39,111)
Repayments of debt		(28)	(25)
Total cash used		(28)	(39,136)
Net cash from / (used by) financing activities		254	(38,796)
Net increase / (decrease) in cash held		(3,643)	(15,612)
Cash at the beginning of the reporting period		12,812	28,424
Cash at the end of the reporting period	7A	9,169	12,812

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 2005

	2005 \$'000	2004 \$'000
BY TYPE		
Capital commitments		
Infrastructure, plant and equipment	1,742	3
Total capital commitments	<u>1,742</u>	<u>3</u>
Other commitments		
Operating leases ⁽¹⁾	24,361	22,480
Project commitments	189	1,337
Research and development	-	105
Grant commitments	-	1,156
Service contract commitments	6,337	7,513
Other commitments	565	1,289
Total other commitments	<u>31,452</u>	<u>33,880</u>
Commitments receivable		
Old Parliament House tenancies	(303)	-
Old Parliament House service contracts	(520)	(1,065)
GST receivable	(2,938)	(2,814)
Total commitments receivable	<u>(3,761)</u>	<u>(3,879)</u>
Net commitments	<u>29,433</u>	<u>30,004</u>
BY MATURITY		
Capital commitments		
One year or less	1,742	3
From one to five years	-	-
Over five years	-	-
Total capital commitments by maturity	<u>1,742</u>	<u>3</u>
Operating lease commitments		
One year or less	7,299	6,913
From one to five years	16,831	15,479
Over five years	231	88
Total operating lease commitments by maturity	<u>24,361</u>	<u>22,480</u>
Other commitments		
One year or less	3,555	6,858
From one to five years	3,536	4,542
Over five years	-	-
Total other commitments by maturity	<u>7,091</u>	<u>11,400</u>
Commitments receivable	(3,761)	(3,879)
Net commitments by maturity	<u>29,433</u>	<u>30,004</u>

NB: Commitments are GST inclusive where relevant
The above schedule should be read in conjunction with the accompanying notes

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

(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 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>Secondary office accommodation</u> Lease payments at 44 Sydney Avenue are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 30 July 2010. A further term of 3 years is available at the Department's discretion following an assessment of its accommodation requirements and current market rates.</p> <p>Lease payments for 28 National Circuit (Burns Centre) are subject to an annual adjustment based on CPI. The initial term for the accommodation expires on 30 July 2010. There are no options in the lease for extension beyond this date.</p> <p>Lease payments for Artbank Melbourne Showroom are subject to a 3.5% annual adjustment. The initial term of the warehouse lease expires on 14 September 2007. An option for a further 3 years is available if required.</p> <p>The lease of the Artbank Sydney showroom expired on 30 June 2005. A new 3 year lease is being negotiated.</p> <p>A ten year finance lease for \$175,000 of improvements was completed on 30 June 2005.</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. The letter of intent has now been sent to the lessor to terminate the lease. It is not intended to enter further leases for computer equipment after existing leases expire.

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

Department of Communications, Information Technology and the Arts
SCHEDULE OF CONTINGENCIES

as at 30 June 2005

Contingent liabilities	Claims for damages/costs		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance from previous period	1,000	450	1,000	450
New	-	-	-	-
Re-measurement	(1,000)	550	(1,000)	550
Liabilities crystallised	-	-	-	-
Obligations expired	-	-	-	-
Total contingent liabilities	-	1,000	-	1,000
Contingent assets	Claims for damages/costs		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance from previous period	-	-	-	-
New	-	-	-	-
Re-measurement	-	-	-	-
Assets crystallised	-	-	-	-
Expired	-	-	-	-
Total contingent assets	-	-	-	-
Net contingencies	-	1,000	-	1,000

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or considered remote, are disclosed in **Note 14: Contingent Liabilities and Assets**.

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

Department of Communications, Information Technology and the Arts			
SCHEDULE OF ADMINISTERED ITEMS			
	Notes	2005 \$'000	2004 \$'000
Revenues Administered on Behalf of Government			
<i>for the year ended 30 June 2005</i>			
Non-Taxation Revenue			
Interest	19	493	745
Dividends	19	2,368,948	1,830,052
Industry levies	19	247,113	255,736
Other sources of non-taxation revenue	19	28,552	252,956
Total Revenues Administered on Behalf of Government		2,645,106	2,339,489
Expenses Administered on Behalf of Government			
<i>for the year ended 30 June 2005</i>			
Grants	20	265,043	304,690
Subsidies	20	286,760	235,380
Suppliers	20	2,739	1,092
Depreciation	20	8,079	6,814
Write-down and impairment of assets	20	789	7,046
Value of assets sold	20, 20A	1,118	-
Other expenses administered on behalf of government	20	35,644	69,165
Total Expenses Administered on Behalf of Government		600,172	624,187
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	2005 \$'000	2004 \$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Financial Assets			
Cash	21	65	910
Receivables	21	6,230	7,915
Accrued revenue	21	-	114
Investments	21	7,249,798	7,235,544
Total Financial Assets		7,256,093	7,244,483
Non-Financial Assets			
Land and buildings	21	36,768	36,759
Heritage and cultural assets	21	45,705	48,408
Other non-financial assets	21	3,977	2,567
Total Non-Financial Assets		86,450	87,734
Total Assets Administered on Behalf of Government		7,342,543	7,332,217
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Payables			
Suppliers	22	7,461	3,180
Grants and subsidies	22	3,369	2,403
GST payable	22	4,642	7,031
Other payables	22	2	2
Total Liabilities Administered on Behalf of Government		15,474	12,616
Net Assets Administered on Behalf of Government		7,327,069	7,319,601
Current Assets		10,272	23,533
Non-current Assets		7,332,271	7,308,684
Current Liabilities		15,474	12,616
Non-current Liabilities		-	-

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	2005 \$'000	2004 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2005</i>			
Operating Activities			
Cash Received			
Interest		608	675
Dividends		2,368,948	1,830,052
GST received from ATO		32,033	20,434
Other		88,205	82,889
Total Cash Received		<u>2,489,794</u>	<u>1,934,050</u>
Cash Used			
Grants		(281,324)	(304,119)
Subsidies		(126,849)	(75,825)
Suppliers		(3,756)	(1,631)
Other		(45,603)	(69,463)
Total Cash Used		<u>(457,532)</u>	<u>(451,038)</u>
Net Cash from / (Used in) Operating Activities		<u>2,032,262</u>	<u>1,483,012</u>
Investing Activities			
Cash Received			
Proceeds from returns of investments		12,027	6,325
Total Cash Received		<u>12,027</u>	<u>6,325</u>
Cash Used			
Purchase of property, plant, equipment and intangibles		(4,185)	(5,067)
Other		(626)	(335)
Total Cash Used		<u>(4,811)</u>	<u>(5,402)</u>
Net Cash From / (Used In) Investing Activities		<u>7,216</u>	<u>923</u>
Net Increase (Decrease) in Cash Held		2,039,478	1,483,935
Cash at the beginning of the reporting period		910	334
Cash from Official Public Account for:			
- Appropriations		332,754	324,132
- Special accounts		100,263	113,464
- Other		29,643	22,168
		<u>462,660</u>	<u>459,764</u>
Cash to Official Public Account for:			
- Appropriations		(1,070)	(2,161)
- Special accounts		(100,277)	(90,436)
- Dividends		(2,368,948)	(1,830,052)
- Other		(32,688)	(20,474)
		<u>(2,502,983)</u>	<u>(1,943,123)</u>
Cash at the End of Reporting Period	21	<u>65</u>	<u>910</u>

This schedule should be read in conjunction with the accompanying notes.

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

	2005	2004
	\$'000	\$'000
Administered Commitments		
<i>as at 30 June 2005</i>		
BY TYPE		
Capital Commitments		
Land and buildings ⁽¹⁾	17	520
Heritage and cultural assets ⁽²⁾	1,720	129
Total Capital Commitments	<u>1,737</u>	<u>649</u>
Other Commitments		
Project commitments ⁽³⁾	3,004	247
Grant commitments ⁽⁴⁾	160,733	130,536
Other commitments ⁽⁵⁾	9	240
Total Other Commitments	<u>163,746</u>	<u>131,023</u>
Commitments Receivable	<u>(14,172)</u>	<u>(8,108)</u>
Net Commitments by Type	<u><u>151,311</u></u>	<u><u>123,564</u></u>
BY MATURITY		
Capital Commitments		
One year or less	1,737	644
From one to five years	-	5
Over five years	-	-
Total Capital Commitments	<u>1,737</u>	<u>649</u>
Other Commitments		
One year or less	120,718	94,917
From one to five years	43,028	36,106
Over five years	-	-
Total Other Commitments	<u>163,746</u>	<u>131,023</u>
Commitments Receivable	<u>(14,172)</u>	<u>(8,108)</u>
Net Commitments by Maturity	<u><u>151,311</u></u>	<u><u>123,564</u></u>

NB: All commitments are GST inclusive where relevant.

⁽¹⁾ Land and Buildings commitments relate to the construction in progress for the National Institute of Dramatic Arts building.

⁽²⁾ Heritage and cultural assets commitments relate to the refurbishment of the Old Parliament House building and Heritage Assets.

⁽³⁾ Project commitments largely relate to the Telstra Social Bonus Program.

⁽⁴⁾ Grant commitments mainly relate to the Cultural Development Program, Building IT Strengths, ICT Centres of Excellence, Telecommunications Services Inquiry Response, Regional Telecommunications Inquiry, Sport and Recreational Facilities and Telstra Social Bonus Program.

⁽⁵⁾ Other commitments relate to Telecommunications Action Plan for Remote Indigenous Communities Program.

This schedule should be read in conjunction with the accompanying notes.

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

Administered Contingencies

as at 30 June 2005

Administered Contingent Liabilities	Other guarantees ⁽¹⁾		Indemnities ⁽²⁾		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance from previous period	-	279	959,059	128,549	959,059	128,828
New	150	-	394,490	959,059	394,640	959,059
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	279	959,059	128,549	959,059	128,828
Total Administered Contingent Liabilities	150	-	394,490	959,059	394,640	959,059

Administered Contingent Assets	2005	2004
	Nil	Nil

¹ Guarantee given to The Australian Ballet as a guarantee against loss - Playing Australia.

² Commonwealth indemnity of art exhibitions.

Unquantifiable and remote but material contingencies are disclosed in Note 24: Administered Contingent Liabilities.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department of Communications, Information Technology and the Arts are directed towards achieving the three outcomes described in Note 1 to the Financial Statements. The major financial activities are the development of a rich and stimulating cultural sector for all Australians, the development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians, and development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2004-05, which have been tabled in Parliament.

The above 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 2005

Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006
3	Events Occurring After Reporting Date
4	Operating Revenues
5	Operating Expenses
6	Borrowing Costs Expense
7	Financial Assets
8	Non-Financial Assets
9	Interest Bearing Liabilities
10	Provisions
11	Payables
12	Equity
13	Cash Flow Reconciliation
14	Contingent Liabilities and Assets
15	Executive Remuneration
16	Remuneration of Auditors
17	Average Staffing Levels
18	Financial Instruments
19	Revenues Administered on Behalf of Government
20	Expenses Administered on Behalf of Government
21	Assets Administered on Behalf of Government
22	Liabilities Administered on Behalf of Government
23	Administered Reconciliation Table
24	Administered Contingent Liabilities
25	Administered Investments
26	Administered Restructuring
27	Administered Financial Instruments
28	Appropriations
29	Specific Payment Disclosures
30	Reporting of Outcomes

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

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 and incentive programs.

The Department incorporates Artbank and is structured to meet three Outcomes.

Outcome 1: Development of a rich and stimulating cultural sector for all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support which promotes excellence in, preservation and maintenance of and access to Australia's cultural activities, cultural collections and indigenous languages; and
- preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

Outcome 2: Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3: Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.

This outcome is achieved through:

- policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services;
- policy advice and program management which promote accessible high quality broadcasting services;
- policy advice and program management that assist the development of the information and communications technology industry;
- policy advice and program management of copyright issues that encourages the production of content and promotes reasonable access to research and cultural materials; and
- strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

There have been changes to the outcome and output structure of the Department since the 2003-04 Financial Statements. These changes are a result of the transfer of information economy functions from the National Office for the Information Economy (NOIE) to the Department.

The continued existence of the Department in its present form is dependent on Government policy and continuing appropriations by Parliament.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Restructuring

During 2004-05, following the Government's decision to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Services (ATSIS), the Department gained responsibility for indigenous functions and programs relating to culture, sport and broadcasting.

From 1 March 2005 the Crown Copyright function transferred to the Attorney General's Department.

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 Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);
- 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 or the effect of changing prices on the Department's financial results or 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 that are unrecognised are reported in the Schedule of Commitments and Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14).

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at 1.21.

1.3 Changes in Accounting Policy and Revisions to Estimates

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003-04, except that artworks have been depreciated for the first time in 2004-05 (see Note 1.12 and Note 5D).

Based on revised estimates, a makegood provision relating to fitout on leased properties has been recognised in 2004-05. A corresponding expense was recognised. The makegood provision reflects the present value of the estimated likely expenditures that will be incurred in 2010 and 2012.

The Department received new Administered funding for the Community Broadcasting Foundation Limited (CBF) grant program through 2004-05 Additional Estimates. Existing CBF program funding is classified as Departmental, hence CBF grant expenses will be reported partly as Administered expenses and partly as Departmental expenses in the 2004-05 financial statements. From 2005-06, funding for the CBF program will be made by Administered appropriations. The 2004-05 is a transitional year.

1.4 Revenue

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

(a) Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings offered up at Additional Estimates and reductions determined by the Finance Minister) are recognised as revenue. Appropriation receivables are recognised at their nominal amounts.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

(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 as revenue 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.

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.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

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

1.5 Transactions by the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up at Additional Estimates) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

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

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

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 and other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts, using remuneration rates expected to be paid on settlement of the liability.

Leave

The Department's long service leave liability is 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. The liability for long service leave was last determined by an actuary as at 30 June 2004. The estimate of the liability takes into account attrition rates and pay increases through promotion and inflation.

Calculation of annual and long service leave liabilities includes 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.

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.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and other superannuation schemes. The liability for their superannuation benefits are

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

recognised in the consolidated financial statements of the Australian Government and are settled by the Australian Government in due course. The Department makes employer contributions to the Australian Government at rates determined by an actuary to meet the accruing cost to the Government of the superannuation entitlements of the Department's employees. The liability for superannuation recognised as at 30 June represents outstanding contributions for the last fortnight of the financial year.

1.7 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, 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. The discount rate used is the estimated interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between principal repayments and 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 in the form of rent free periods are recognised as liabilities, with lease payments allocated between rental expense and reduction of the liability.

1.8 Borrowing Costs

All borrowing costs are expensed as incurred.

1.9 Cash

Cash means cheques, notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.10 Other Financial Instruments

Receivables for Goods and Services

Receivables are recognised at the nominal amounts due less any provision for doubtful debts. Collectibility of debts is reviewed at balance date and a provision recognised when collection of the debt is judged to be unlikely.

Payables – Goods and Services

Payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised when the goods and services have been received but remain unpaid.

Grants Liability

Grants made by the Department are recognised as liabilities and expenses only at the time that the grantee had met all obligations and conditions required in the grant agreement.

Contingent Liabilities and Contingent Assets

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1.11 Acquisition of Assets

Asset Recognition

Assets are initially recorded at cost on acquisition, except as stated below. Assets purchases costing less than \$2,000 are expensed in the year of acquisition, other than where they form part of a group of similar items which are significant in total.

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

Revaluations

Buildings, infrastructure, plant, equipment, heritage and cultural assets are carried at fair value, and are revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value. Fair values for each class of asset are determined as shown below.

<i>Asset Class</i>	<i>Fair value measured at:</i>
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Market selling price or depreciated replacement cost
Heritage and cultural assets	Market selling price or depreciated replacement cost

Under fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2005, the Department had no assets which are considered surplus to requirements.

Frequency

Buildings, infrastructure, plant, equipment, heritage and cultural assets are subject to a formal revaluation once every three years. Formal revaluations are conducted by an independent valuer.

Depreciation

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 rates and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2005	2004
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, plant and equipment		
• Computer equipment	3 – 5 years	3 – 5 years
• Plant, office equipment, furniture & fittings	5 – 10 years	5 – 10 years

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
Heritage and Cultural Assets		
• Heritage assets	2 – 40 years	2 – 40 years
• Artworks	10 – 500 years	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 5D

1.13 Impairment of Non-Current Assets

Non-current assets carried at fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where impairment exist, the carrying amount of the asset is written down to the higher of its net selling price and, if the entity would replace the assets service potential, its depreciated replacement cost.

No impairment was identified for property plant and equipment or heritage and cultural assets at 30 June 2005.

1.14 Intangibles

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

No impairment was identified for intangible assets at 30 June 2005.

1.15 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.

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.

1.16 Taxation / Competitive Neutrality

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 for:

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

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2005

Competitive Neutrality

The Department is subject to the Government's Competitive Neutrality guidelines however the Department has no business operations and therefore is not required to make Australian Income Tax Equivalent payments to Government.

1.17 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.

1.18 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.

1.19 Comparative Figures

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

1.20 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.

1.21 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn down from the OPA to make payments under appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 23. Thus the Schedule of Administered Revenues and Expenses and Assets and Liabilities reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

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

Dividend revenue is recognised when the paying entity declares the dividend, the dividend is approved and publicly announced.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Grants and Subsidies

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

Grant and subsidy 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, but payments due have not been made. A commitment is recorded when the 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.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level. The Australian Government's investment in portfolio authorities and companies is valued at the aggregate of the Australian Government's share of the net assets or liabilities of each entity fixed as at 30 June 1997, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Guarantees to Controlled Entities

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items and Note 24. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006.

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. The new AEIFRS cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including for reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions applicable to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRS and therefore the Department will only be able to assert compliance with AEIFRS.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS29 Financial Reporting by Government Departments.

Overall, the application of AEIFRS in 2005-06 is expected to only have a minor impact on the Department's financial statements.

Accounting Standard AASB 1047 Disclosing the Impact of Adopting Australian Equivalents to International Financial Reporting Standards requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- an explanation of the key differences in accounting policies arising from the transition;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Management of the transition to AEIFRS

The Department has taken the following steps for implementation of AEIFRS:

- the Department's Audit, Risk and Evaluation Committee is tasked with oversight of the transition to and implementation of AEIFRS;
- the Chief Finance Officer is formally responsible for the project and reports regularly to the Audit, Risk and Evaluation Committee (the Committee) on progress against the formal plan approved by the Committee;
- all major accounting policy differences between current AASB standards and AEIFRS have been identified;
- system changes necessary to be able to report under AEIFRS have been identified; and
- transitional Departmental and Administered balance sheets as at 1 July 2004 under AEIFRS were completed and presented to the Committee.

Consultants were engaged where necessary to assist with each of the above steps.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Major changes in accounting policy

The Department believes that the first financial report prepared under AEIFRS (ie at 30 June 2006) will be prepared on the basis that the Department will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively, ie as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

Property, plant and equipment

It is expected that the 2005-06 Finance Minister's Orders will continue to require property, plant and equipment assets to be valued at fair value in 2005-06. As such, the values reflected at 30 June 2005 under existing standards also apply as at 1 July 2005 under AEIFRS.

A provision for makegood costs of \$1.024m relating to fitout works, with a corresponding expense, has been recognised in 2004-05 under current Australian Accounting Standards. Under AEIFRS, the makegood provision will be capitalised rather than recognised as an expense and will be depreciated over the fitout's remaining useful life.

Impairment of Non-Current Assets

The Department's policy on impairment of non current assets is at Note 1.13. Under AEIFRS, non current assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. The impairment test is that the assets carrying amount must not exceed the greater of (a) fair value less costs to sell and (b) value in use. For non cash generating assets which would be replaced if the entity was deprived of them, value in use is depreciated replacement cost. The impairment loss is the difference between the asset's carrying amount and its estimated recoverable amount.

There were no indications of impairment as at 30 June 2005 so no assessments were required.

Inventory

The Department recognises inventories held for resale 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. Under AEIFRS, inventory held for distribution for no consideration or for nominal consideration should be carried at the lower of cost or current replacement cost. An assessment is made at each balance date to ensure that the cost of these inventories does not exceed current replacement cost.

Employee Benefits

AEIFRS requires all employee entitlements due more than 12 months from reporting date to be discounted to present value, using the market yield on long term government bonds. Accordingly, the Department will need to discount to present value its non current annual leave provision. The reduction in non current annual leave provision would be \$0.207m on 30 June 2005, with a corresponding increase in retained earnings of \$0.243m (decrease to annual leave provision on transition date of 1 July 2004) and an offsetting increase in employee expenses in 2004-05 of \$0.036m.

Revenues and Expenses

Under AEIFRS, gains and losses on the sale of property, plant, equipment and intangibles are to be shown net. Currently, proceeds on sale for these assets are shown as gross revenues and the carrying value of assets disposed are shown as gross expenses. Gains on disposal are also shown separately from revenues under AEIFRS.

Administered Items

There were no adjustments to the Administered schedules for 2004-05 due to the application of AEIFRS.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Reconciliation of Impacts – AGAAP to AEIFRS		
	30 June 2005* \$'000	30 June 2004 \$'000
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	84,718	78,234
Increase to Accumulated Results for discounting of non current annual leave to present value as at 1 July 2004	243	243
Increase to 2004-05 Operating Result for capitalisation and depreciation of makegood costs	981	
Decrease to 2004-05 Operating Result for reduced decrease in non current annual leave provision as at 30 June 2005	(36)	
Total Departmental Equity under AEIFRS	85,906	78,477
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	55,880	48,328
Adjustments to Accumulated Results and to Operating Result (as outlined above)	1,188	243
Total Departmental Accumulated Results under AEIFRS	57,068	48,571
Reconciliation of Departmental Reserves		
Total Departmental Reserves under AGAAP	17,032	16,750
Adjustments	-	-
Total Departmental Reserves under AEIFRS	17,032	16,750
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	11,806	13,156
Adjustments	-	-
Total Departmental Contributed Equity under AEIFRS	11,806	13,156
Reconciliation of Net Surplus / (deficit) from ordinary activities for the year ending 30 June 2005		
Net Departmental Surplus from Ordinary Activities under AGAAP	7,552	
Adjustments:		
Capitalisation and depreciation of makegood costs	981	
Employee expenses	(36)	
Net Departmental surplus / deficit from ordinary activities under AEIFRS	8,497	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.

Note 3: Events Occurring after Reporting Date

Under Section 161 of the *Australian Communications and Media Authority (ACMA) Consequential and Transitional Provisions Act 2005*, responsibility for the Universal Service Obligation (USO) Special Account transferred to the ACMA on 1 July 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Note 4: Operating Revenues		
<u>Note 4A: Revenue from Government</u>		
Appropriations for outputs	114,180	117,520
Special Appropriations	-	3,070
<i>Total revenues from government</i>	<u><u>114,180</u></u>	<u><u>120,590</u></u>
 <u>Note 4B: Goods and Services</u>		
Goods		
Sale of inventory goods	64	40
Other sales of goods & services	108	173
	<u>172</u>	<u>213</u>
Services		
Entry charges to exhibitions	227	192
Royalties received	325	426
Rent and service contract licence fees	477	428
Fees for services provided	627	2,341
Artbank rental revenue	2,321	2,279
	<u>3,977</u>	<u>5,666</u>
<i>Total sales of goods and services</i>	<u><u>4,149</u></u>	<u><u>5,879</u></u>
 Provision of goods to:		
Related entities	6	122
External entities	166	91
<i>Total sales of goods</i>	<u><u>172</u></u>	<u><u>213</u></u>
 Rendering of services to:		
Related entities	1,613	3,523
External entities	2,364	2,143
<i>Total rendering of services</i>	<u><u>3,977</u></u>	<u><u>5,666</u></u>
 Costs of sales of goods	<u>32</u>	<u>25</u>
 <u>Note 4C: Interest</u>		
Interest from other sources	12	79
<i>Total interest</i>	<u><u>12</u></u>	<u><u>79</u></u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2004	2004
	\$'000	\$'000
Note 4D: Net Gain / (Loss) on Sale of Assets		
Buildings:		
Proceeds from disposal of assets	-	-
Net book value of assets disposed	-	62
Net gain / (loss) on disposal of buildings	-	(62)
Infrastructure, plant & equipment:		
Proceeds from disposal of assets	9	43
Net book value of assets disposed	12	18
Net gain / (loss) on disposal of infrastructure, plant & equipment	(3)	25
Heritage and cultural:		
Proceeds from disposal of assets	15	26
Net book value of assets disposed	52	38
Net gain / (loss) on disposal of heritage and cultural	(37)	(12)
Intangibles:		
Proceeds from disposal of assets	-	-
Assets incorrectly capitalised	-	300
Net book value of assets disposed	-	-
Net gain / (loss) on disposal of intangibles	-	(300)
TOTAL proceeds from disposals	24	69
TOTAL value of non-financial assets disposed	(64)	(418)
Net gain / (loss) on disposal of non-financial assets	(40)	(349)
Note 4E: Other Revenue		
Grants received	101	127
Sponsorship and donations received	802	1,205
Cultural Ministers Contributions	1,383	981
Resources received free of charge	334	319
Standing Committee on Recreation and Sport contributions	714	436
Interest from Untimed local call program	-	202
Cultural and Recreational Portal contributions	265	220
Asset Stocktake Additions	175	8
Other revenue	173	212
Total other revenue	3,947	3,710

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 5: Operating Expenses		
<u>Note 5A: Employee Expenses</u>		
Wages and salaries	44,478	33,714
Superannuation	8,521	6,690
Leave and other entitlements	7,167	4,980
Performance pay	923	533
Separation and redundancies	255	544
Other employee expenses	1,754	1,457
Total employee benefits expense	63,098	47,918
Workers' compensation premiums	810	512
Total employee expenses	63,908	48,430
<u>Note 5B: Supplier Expenses</u>		
Goods from related entities	53	319
Goods from external entities	2,556	4,151
Services from related entities	5,494	9,021
Services from external entities	23,832	18,959
Operating lease rentals	6,889	5,512
Total supplier expenses	38,824	37,962

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2005

	<u>2005</u>	<u>2004</u>
	\$'000	\$'000
Note 5C: Grants		
Non-profit institutions	5,980	6,678
Related Entities	2,658	2,474
State and Territory Governments	125	175
Private Sector	105	-
Overseas	50	-
Total grants	8,918	9,327

The nature of the grants are as follows:

Alternative Dispute Resolution Initiative	-	41
Arts Business Development Program	-	60
Arts Support Program	-	5
Australian Communications Industry	30	-
Book Industry Assistance Package	2,264	1,953
Commercial Radio Blackspots	130	282
Community Broadcasting Foundation ¹	5,489	5,345
Computer Crime & Security	80	-
Cultural Ministers Council	244	-
eBusiness Strategies	50	-
Heritage Collections Council	397	-
Indigenous Cultural Property	194	441
Information Economy Strategies	40	-
New Telecommunications Devices	-	75
Software Engineering	-	1,100
Telecommunications Consumer Representation	-	25
Total grants	8,918	9,327

¹ The Department has received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which is being classified as Administered. Existing funding has been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in 2004-05 financial statements. The total grant expense for CBF for 2004-05 is \$7,489,000. From 2005-06 all funding for the CBF grant program will be classified as Administered.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 5D: Depreciation and Amortisation		
<i>(i) Depreciation</i>		
Infrastructure, plant and equipment	1,318	917
Heritage and cultural assets	129	-
Buildings	788	437
Total Depreciation	2,235	1,354
<i>(ii) Amortisation</i>		
Assets held under Finance lease	25	17
Intangibles - computer software	337	247
Total Amortisation	362	264
Total depreciation and amortisation	2,597	1,618

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

Buildings		
Leasehold improvements	813	454
Infrastructure, plant and equipment		
Computer equipment	639	378
Plant, office equipment, furniture & fittings	679	539
Heritage and Cultural Assets		
Heritage and Cultural Assets	129	-
Intangibles		
Software	337	247
Total depreciation and amortisation	2,597	1,618

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	<u>2005</u> \$'000	<u>2004</u> \$'000
<u>Note 5E: Write-Down of Assets</u>		
Financial assets		
Bad and doubtful debts expense	<u>11</u>	<u>-</u>
Total write-down of assets	<u><u>11</u></u>	<u><u>-</u></u>
<u>Note 5F: Other Expenses</u>		
Other	<u>421</u>	<u>772</u>
Total other expenses	<u><u>421</u></u>	<u><u>772</u></u>
Note 6: Borrowing Costs Expense		
Loan interest	<u>15</u>	<u>-</u>
Lease interest	<u>2</u>	<u>26</u>
Total borrowing costs expense	<u><u>17</u></u>	<u><u>26</u></u>

Department of Communications, Information Technology and the Art
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 7: Financial Assets		
<u>Note 7A: Cash</u>		
Cash on hand	34	35
Special Accounts	2,023	2,464
Departmental (other than Special Accounts)	7,112	10,313
Total cash	9,169	12,812
All cash is a current asset.		
<u>Note 7B: Receivables</u>		
Goods and services	2,006	1,865
Less: Provision for doubtful debts	(973)	(961)
	1,033	904
Appropriation receivable	50,065	32,138
Loans	-	432
GST receivable from the ATO	779	1,560
Other	180	1,078
Total receivables (net)	52,057	36,112
Receivables is represented by:		
Current	17,802	36,112
Non current	34,255	-
Total receivables (net)	52,057	36,112
Receivables (gross) are aged as follows:		
Current	51,094	35,243
Overdue by:		
less than 30 days	712	639
30 to 60 days	140	154
60 to 90 days	40	36
more than 90 days	1,044	1,001
	1,936	1,830
Total receivables (gross)	53,030	37,073
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	(973)	(961)
Total provision for doubtful debts (gross)	(973)	(961)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
<u>Note 7C: Accrued Revenue</u>		
Goods and services	22	41
Total accrued revenue	22	41
All accrued revenue is a current asset.		
 Note 8: Non-Financial Assets		
<u>Note 8A: Buildings</u>		
Buildings and leasehold improvements - at fair value	6,765	4,682
Accumulated depreciation	(790)	(4)
	5,975	4,678
Buildings & leasehold improvements - under finance lease	25	25
Accumulated amortisation	(25)	-
	-	25
Buildings and leasehold improvements - work in progress	190	81
Total Buildings (non-current)	6,165	4,784

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
 In 2003-04 the revaluation of land and buildings was conducted by an independent valuer Preston Rowe Patterson NSW Pty Ltd.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
<u>Note 8B: Infrastructure, Plant and Equipment</u>		
Infrastructure, plant and equipment - at fair value	6,951	5,026
Accumulated depreciation	(1,316)	(11)
	5,635	5,015
Infrastructure, Plant and Equipment - work in progress	346	46
Total Infrastructure, Plant and Equipment (non-current)	5,981	5,061

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
In 2003-04 the revaluation of infrastructure, plant and equipment was conducted by an independent valuer
Preston Rowe Patterson NSW Pty Ltd.

Note 8C: Heritage and Cultural Assets

Heritage and cultural assets - at fair value	37,371	35,784
Accumulated depreciation	(129)	-
Total Heritage and Cultural Assets (non-current)	37,242	35,784

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
In 2003-04 the revaluation of heritage and cultural assets was conducted by the following independent valuers:
Deutscher-Menzies Pty Ltd and Caruana Fine Art Pty Ltd.

Note 8D: Intangibles

Computer software - at cost	2,654	2,214
Accumulated amortisation	(1,912)	(1,575)
	742	639
Computer Software internally developed - work in progress	-	419
Total Intangibles (non-current)	742	1,058

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 8E: Analysis of Property, Plant, Equipment and Intangibles

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

Item	Buildings & Leasehold Improvements \$'000	Infrastructure, Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	TOTAL \$'000
As at 1 July 2004					
Gross book value	4,788	5,072	35,784	2,633	48,277
Accumulated depreciation / amortisation	(4)	(11)	-	(1,575)	(1,590)
Opening net book value	4,784	5,061	35,784	1,058	46,687
Additions:					
by purchase	2,274	2,170	1,639	21	6,104
by finance lease	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Net Revaluation increment / (decrement)	-	-	-	-	-
Reclassifications	(80)	80	-	-	-
Depreciation / amortisation expense	(813)	(1,318)	(129)	(337)	(2,597)
Recoverable amount write-downs	-	-	-	-	-
Other Movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	(12)	(52)	-	(64)
As at 30 June 2005					
Gross book value	6,980	7,297	37,371	2,654	54,302
Accumulated depreciation/amortisation	(815)	(1,316)	(129)	(1,912)	(4,172)
Closing net book value	6,165	5,981	37,242	742	50,130

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table B: Assets at Valuation

Item	Buildings & Leasehold Improvements \$'000	Total Infrastructure, Plant & Equipment \$'000	Heritage and Cultural Assets \$'000	Computer Software \$'000	TOTAL \$'000
As at 30 June 2005					
Gross value	4,600	5,081	36,367	-	46,048
Accumulated depreciation/amortisation	(638)	(1,156)	(127)	-	(1,921)
Net book value	3,962	3,925	36,240	-	44,127
As at 30 June 2004					
Gross value	4,707	5,026	35,784	-	45,517
Accumulated depreciation/amortisation	(4)	(11)	-	-	(15)
Net book value	4,703	5,015	35,784	-	45,502

Table C: Assets Held under Finance Lease

Item	Buildings & Leasehold Improvements	Total Infrastructure, Plant & Equipment	Heritage and Cultural Assets	Computer Software	TOTAL
As at 30 June 2005					
Gross value	25	-	-	-	25
Accumulated depreciation/amortisation	(25)	-	-	-	(25)
Net book value	-	-	-	-	-
As at 30 June 2004					
Gross value	25	-	-	-	25
Accumulated depreciation/amortisation	-	-	-	-	-
Net book value	25	-	-	-	25

Table D: Assets under Construction

Item	Buildings & Leasehold Improvements	Total Infrastructure, Plant & Equipment	Heritage and Cultural Assets	Computer Software	TOTAL
Gross value as at 30 June 2005	190	346	-	-	535
Gross value as at 30 June 2004	81	46	-	419	546

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
<u>Note 8F: Inventories</u>		
Finished goods (cost)	78	108
Total inventories held for sale	78	108

All departmental inventories are current assets.

Note 8G: Other Non-Financial Assets

Prepayments	1,919	4,537
Total other non-financial assets	1,919	4,537

All other non-financial assets are current assets.

Note 9: Interest Bearing Liabilities

Leases

Finance lease commitments

Payable:

within one year	-	30
in one to five years	-	-
in more than five years	-	-
Minimum lease payments	-	30
Deduct: future finance charges	-	(2)
Net lease liability	-	28

Lease liability is represented by:

Current	-	28
Non-current	-	-
Net lease liability	-	28

The finance lease in relation to leasehold improvements expired on 30th June 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	<u>2005</u>	<u>2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 10: Provisions		
<u>Note 10A: Employee Provisions</u>		
Salaries, wages and superannuation	378	43
Leave	<u>17,962</u>	<u>14,783</u>
Aggregate employee benefit liability and related on-costs	<u><u>18,340</u></u>	<u><u>14,826</u></u>

Employee provisions are represented by:

Current	5,429	6,500
Non-Current	12,911	8,326

Note 10B: Other Provisions

Provision for makegood on leased property	<u>1,039</u>	-
Total other provisions	<u><u>1,039</u></u>	<u><u>-</u></u>

All other provisions are non-current liabilities.

Note 11: Payables

Note 11A: Supplier Payables

Trade creditors	3,072	689
Other creditors	284	252
Accrued Expenses	<u>2,518</u>	<u>3,732</u>
Total supplier payables	<u><u>5,874</u></u>	<u><u>4,673</u></u>

All supplier payables are current liabilities.

Note 11B: Unearned Income

Unearned income	<u>2,209</u>	1,915
Total unearned income	<u><u>2,209</u></u>	<u><u>1,915</u></u>

All unearned income is a current liability.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
<u>Note 11C: Lease Incentive</u>		
Lease Incentive	<u>349</u>	<u>246</u>
<i>Total lease incentive</i>	<u>349</u>	<u>246</u>
Lease incentive is represented by:		
Current	69	72
Non-current	280	174
<u>Note 11D: Other Payables</u>		
GST Payable to the ATO	-	52
Other	<u>846</u>	<u>323</u>
<i>Total other payables</i>	<u>846</u>	<u>375</u>

All other payables are current liabilities.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 12: Equity

Note 12A: Analysis of Equity

Item	Accumulated results		Asset revaluation reserve		Contributed equity / capital		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July 2004	48,328	179,704	16,750	82,549	13,156	57,067	78,234	319,320
Net surplus / deficit	7,552	31,774	-	-	-	-	7,552	31,774
Net revaluation increment / (decrement)	-	-	-	4,894	-	-	-	4,894
Changes in accounting policies	-	(2)	-	-	-	-	-	(2)
Transactions with owners:								
Distributions to owner:								
Returns on Capital								
Dividends								
Returns of Capital								
Restructuring		(163,148)		(70,693)	(1,079)	(44,501)	(1,079)	(278,342)
Other			282		(282)			
Contributions by owners:								
Appropriations (equity injections)					11	590	11	590
Restructuring								
Transfers to / (from) / between reserves								
Closing balance as at 30 June 2005	55,880	48,328	17,032	16,750	11,806	13,156	84,718	78,234

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 12B: Restructuring

Following the Government's decision to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), the Department assumed responsibility for Indigenous functions relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 1 July 2004.

The Department relinquished its responsibility for the Crown Copyright function from 1 March 2005. The function was transferred to the Attorney-General's Department.

(In 2004: The Department relinquished its responsibility for National Science and Technology Centre and ScreenSound Australia on 1 July 2003. National Science and Technology Centre transferred to the Department of Education, Science and Training and Screensound Australia transferred to the Australian Film Commission. The Department assumed responsibility for Office for the Information Economy functions on 8 April 2004 from the former National Office for the Information Economy.)

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:

	2005	2004
	\$'000	\$'000
Total assets recognised	279	2,764
Total liabilities recognised	(1,411)	(1,926)
Net assets assumed	(1,132)	838

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

Attorney-General's Department

Total assets relinquished	(40)	-
Total liabilities relinquished	93	-
Net assets relinquished	53	-

National Office for the Information Economy

Total assets relinquished	-	(155)
Total liabilities relinquished	-	-
Net assets relinquished	-	(155)

Australian Film Commission

Total assets relinquished	-	(243,944)
Total liabilities relinquished	-	3,779
Net assets relinquished	-	(240,165)

Department of Education, Science and Training

Total assets relinquished	-	(41,674)
Total liabilities relinquished	-	2,814
Net assets relinquished	-	(38,860)

Net Contribution by Government as owner during the year	(1,079)	(278,342)
--	----------------	-----------

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

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:

	2005	2004
	\$'000	\$'000
<i>Indigenous Arts, Culture and Language, Sport and Recreation and Broadcasting functions</i>		
Revenues		
Recognised by Department of Immigration and Multicultural Affairs	-	-
Recognised by Department of Communications, Information Technology and the Arts	9,536	-
Total revenues	9,536	-
Expenses		
Recognised by Department of Immigration and Multicultural Affairs	-	-
Recognised by Department of Communications, Information Technology and the Arts	8,329	-
Total expenses	8,329	-
<i>Office for the Information Economy functions</i>		
Revenues		
Recognised by Australian Government Information Management Office	-	9,527
Recognised by Department of Communications, Information Technology and the Arts	-	2,950
Total revenues	-	12,477
Expenses		
Recognised by Australian Government Information Management Office	-	8,765
Recognised by Department of Communications, Information Technology and the Arts	-	3,546
Total expenses	-	12,311

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Note 13: Cash Flow Reconciliation		
Net surplus / (deficit)	7,552	31,774
Add:		
Depreciation / amortisation	2,597	1,618
Loss / (gain) on disposal of non-current assets	40	349
Other non-cash items	(846)	(873)
Change in assets and liabilities:		
(Increase) / decrease in receivables	(1,026)	4,995
(Increase) / decrease in accrued revenue	19	69
(Increase) / decrease in inventories	40	42
(Increase) / decrease in other non-financial assets	2,619	(512)
Increase / (decrease) in provisions and payables for suppliers	1,748	(335)
Increase / (decrease) in provisions and payables for employees	2,195	(534)
Increase / (decrease) in other provision and payables	710	2,446
Cash transfers to the OPA	(15,395)	(11,123)
<i>Net cash from / (used by) operating activities</i>	<u><u>253</u></u>	<u><u>27,916</u></u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2005.

	-	1,000
--	---	-------

(In 2004: \$1,000,000 in respect of make good provision, representing estimates of the Agency's liabilities if it was to vacate the premises of 38 Sydney Avenue (\$750,000) and 28 National Circuit (\$250,000), in 2005 \$1,024,000 has been recognised as a makegood provision.)

Unquantifiable Contingencies

In 2005 and 2004 the Department reports an unquantifiable contingent gain in respect of an amount paid in relation to a contract. The contractor has denied liability and is defending the claims. It is not practicable to make an estimate of the outcome of this dispute at this stage.

The Department reports an unquantifiable contingency in respect of legal action brought against the Commonwealth in relation to an employment related matter. It is not practicable to make an estimate of the outcome of the action at this stage.

Remote Contingencies

There are no remote contingencies as at 30 June 2005 (In 2004: Nil).

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	<u> </u>	<u> </u>
Note 15: Executive Remuneration		
The number of executives who received or were due to receive total remuneration of \$100,000 or more:		
\$100,001 to \$110,000	2	1
\$110,001 to \$120,000	2	1
\$120,001 to \$130,000	2	2
\$130,001 to \$140,000	-	4
\$140,001 to \$150,000	1	2
\$150,001 to \$160,000	5	3
\$160,001 to \$170,000	2	5
\$170,001 to \$180,000	4	3
\$180,001 to \$190,000	5	2
\$190,001 to \$200,000	4	2
\$200,001 to \$210,000	1	1
\$210,001 to \$220,000	1	1
\$220,001 to \$230,000	2	-
\$230,001 to \$240,000	1	-
\$240,001 to \$250,000	-	-
\$250,001 to \$260,000	1	1
\$260,001 to \$270,000	1	2
\$270,001 to \$280,000	1	-
\$290,001 to \$300,000	1	-
\$410,001 to \$420,000	1	-
\$450,001 to \$460,000	-	1
	<u>37</u>	<u>31</u>
The aggregate amount of total remuneration of executives shown above:	\$6,949,108	\$ 5,527,304
The aggregate amount of separation and redundancy payments during the year to executives shown above.	\$ —	\$ 196,398

Calculation of Executive Remuneration

In accordance with the Finance Minister's Orders and Australian Accounting Standards, the remuneration figures include salary, performance pay, motor vehicle lease costs, allowances, fringe benefits tax 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 for the financial year in that position is \$100,000 or more.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	<u>2005</u>	<u>2004</u>
	\$	\$

Note 16: Remuneration of Auditors

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

The fair value of audit services provided was:

Department	330,200	316,000
Regional Telecommunications Infrastructure Account	3,500	3,500
	<u>333,700</u>	<u>319,500</u>

In addition to the amounts disclosed above, there is an amount of auditor remuneration totalling \$16,300 relating to the 2005-06 financial statements audit, arising from work done on the opening balance sheet to be prepared under Australian Equivalents to International Financial Reporting Standards.

Note 17: Average Staffing Levels

	<u>2005</u>	<u>2004</u>
The average staffing level for the department during the year was:	<u>718</u>	<u>575</u>

DCITA ANNUAL REPORT 2004-05
Financial statements

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Financial Instruments

Note 18A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total		Weighted Average Effective Interest Rate					
				Maturing in:																
		2005	2004	1 to 2 years	2 to 5 years	> 5 years	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	%	2004	%	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000					
Financial Assets																				
Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Receivables - goods and services (gross)	7A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Receivables - from DoFA	7B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Receivables - other	7B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Accrued revenue	7C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	
Total Assets																				
Financial Liabilities																				
Finance lease liability	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.7%
Payables - goods and services	11A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
Payables - other	11C&11D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
Total Liabilities																				
Unrecognised Liabilities																				
Makegood on lease fitout	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a

Unearned revenue has been removed from financial liabilities in the comparative year figures to be consistent with current year presentation.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Financial Instruments

Note 18B: Net Fair Values of Agency Financial Assets and Liabilities

	Note	2005		2004	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Departmental Financial Assets					
Cash	7A	9,169	9,169	12,812	12,812
Receivables - goods and services (net)	7B	1,033	1,033	904	904
Receivables - DoFA	7B	50,065	50,065	32,138	32,138
Receivables - other	7B	959	959	3,070	3,070
Accrued revenue	7C	22	22	41	41
Total Financial Assets		61,248	61,248	48,965	48,965
Financial Liabilities (Recognised)					
Finance lease liability	9	-	-	28	28
Payables - goods and services	11A	5,874	5,874	4,673	4,673
Payables - other	11C&11D	1,195	1,195	621	621
Total Financial Liabilities (Recognised)		7,069	7,069	5,322	5,322
Financial Liabilities (Unrecognised)					
Makegood on lease fitout	14	-	-	1,000	1,000
Total Financial Liabilities (Unrecognised)		-	-	1,000	1,000

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 for trade creditors approximate their carrying amounts.

Unearned revenue has been removed from financial liabilities in the comparative year figures to be consistent with current year presentation.

Note 18C: 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 Position.

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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period 30 June 2005

Note 18: Financial Instruments

Note 18D: 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 economic benefits can be reliably measured.	
Cash	7A	Cash is recognised at its nominal amount.	Monies in the Departmental bank account are swept into the Official Public Account (OPA) nightly and returned the following morning. No interest is earned on the daily balance.
Receivables - Goods and Services	7B	Receivables for goods and services are recognised at nominal amounts due less any provision for bad and doubtful debts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2003-04: 30 days).
Receivables - Appropriations	7B	Appropriation receivables are recognised at nominal amount.	Appropriation receivable relates to Departmental appropriations in the current or previous years which have not yet been drawn down from the OPA, or which have been drawn down and subsequently returned to the OPA. Monies can be drawn down as required by the Department.
Receivables - Other	7B	Other receivables are recognised at nominal amounts.	Mainly relates to GST receivables for outstanding input tax credits paid and receivables from other agencies for transfers of accrued employee liabilities to the Department.
Accrued revenue	7C	Accrued revenue is recognised at nominal amounts.	Accrued revenue relates to services rendered but not yet billed at balance date.
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 - Goods and Services and Other	11A, 11C & 11 D	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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 19: Revenues Administered on Behalf of Government		
Interest		
Deposits	493	745
Total interest	493	745
Dividends		
Telstra dividend	2,127,248	1,611,552
Australia Post dividend	241,700	218,500
Total dividends	2,368,948	1,830,052
Industry levies		
Universal Service Obligation (USO) levy	72,206	75,260
USO service provider component	159,622	165,948
National Relay Service (NRS) levy	15,285	14,528
Total industry levies	247,113	255,736
Other revenue		
Increase of investment in Portfolio Agencies	26,281	252,755
Other	2,271	201
Total other revenue	28,552	252,956
Total Revenues Administered on Behalf of Government	2,645,106	2,339,489

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 20: Expenses Administered on Behalf of Government		
Grants		
State and Territory Governments	27,888	66,846
Local Governments	14,891	36,131
Private sector	27,804	60,993
Overseas	486	1,290
Non-profit institutions	75,943	32,780
Related entities	118,031	106,650
Total grants	265,043	304,690
<i>The nature of grants are as follows:</i>		
Cultural Development Program	50,731	48,371
Film Finance Corporation Australia	65,500	60,500
Hall of Fame	-	1,000
Federation Fund	741	4,991
Sports and Recreation - Anti Doping	943	1,185
Sport and Recreational Facilities	4,721	-
Water and Alpine Safety	5,490	2,504
Athens 2004 Paralympic Games	-	600
Melbourne 2006 Commonwealth Games	-	40,000
Mt Panorama Motor Racing Circuit	-	10,000
Olympic and Paralympic Welcome Home Parades	261	-
2005 Deaflympics	4,400	-
<i>Telstra Social Bonus:</i>		-
Building Additional Rural Networks	4,350	3,488
Local Government Fund	4,023	9,163
Expanded Mobile Phone Coverage	-	408
Launceston Broadband Project	1,907	216
Building IT Strengths	-	18,162
<i>Telecommunications Service Inquiry Implementation:</i>		-
Regional Mobile Phone Program	3,724	16,657
Mobile Phones for Communities greater than 500	2,514	6,231
Consumer Representation and Research	801	860
National Communication Fund	14,370	18,500
Australia Post - Foot and Mouth Prevention & other quarantine risks	13,553	8,743
<i>Regional Telecommunications Infrastructure Account:</i>		-
Networking the Nation General Fund	-	17,947
Telecommunication Needs of Remote Island Communities	-	6,401
Major ICT - Centre of Excellence	17,200	11,300
<i>Regional Telecommunications Inquiry Response:</i>		-
IT Training	1,630	-
Co-ordinated Communications Infrastructure Fund	4,992	875
Broadband Demand Aggregation Brokers	2,509	-
<i>Building IT Strengths (BITS):</i>		-
BITS - Incubators	12,567	-
BITS - Advanced Networks Program	8,000	-
Television Fund	11,914	10,558
National Transmission Network	671	642
eBusiness - Information Technologies On-Line	1,871	1,055
Contributions to International Organisations (ITU/APT)	170	1,009
Digital Interference Scheme	51	92
Telecommunications Action Plan for Remote Indigenous Communities	626	163
TV Black Spots - Alternative Technical Solutions	1,836	89
Commercial Radio Black Spots	705	1,827
Community Broadcasting Foundation ¹	2,000	-
Regional Equalisation Plan	660	300

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 20: Expenses Administered on Behalf of Government (continued)		
<i>The nature of grants are as follows (continued):</i>		
NetAlert Limited	1,216	572
Compensation to Societe Internationale de Telecommunications Aeronatiques	-	281
<i>Indigenous Programs:</i>		
Arts, Culture & Languages	9,095	-
Sport & Recreation	4,428	-
Broadcasting	4,873	-
Total grants	265,043	304,690
¹ The Department has received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which is being classified as Administered. Existing funding has been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in 2004-05 financial statements. The total grant expense for CBF for 2004-05 is \$7,489,000. From 2005-06 all funding for the CBF program will be classified as Administered.		
Subsidies		
<i>Related entities:</i>		
National Transmission Network	-	40
Telecommunications Service Inquiry Response		
Regional Mobile Phone Program	129	326
Regional Telecommunications Inquiry		
Higher Bandwidth Incentive Scheme	31,403	-
Expansion of Satellite Phone Subsidy	25	-
USO	71,916	68,124
USO service provider component	159,622	165,948
<i>Other than to related entities:</i>		
Telecommunications Service Inquiry Response		
Regional Mobile Phone Program	1,780	942
Regional Telecommunications Inquiry		
Higher Bandwidth Incentive Scheme	20,907	-
Expansion of Satellite Phone Subsidy	974	-
USO	4	-
Total subsidies	286,760	235,380

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 20: Expenses Administered on Behalf of Government (continued)		
Suppliers		
Rendering of services - Related entities	1,706	-
Rendering of services - External entities	1,033	1,092
Total suppliers	2,739	1,092
Depreciation		
Heritage and cultural assets	6,472	5,210
Land and buildings	1,607	1,604
Total depreciation	8,079	6,814
Write down and impairment of assets		
Financial assets - receivables	789	7,046
Total write down and impairment of assets	789	7,046
Value of asset sold		
Heritage and cultural assets	1,118	-
Total value of assets sold	1,118	-
Other expenses		
International membership fees	4,626	5,239
NRS	15,288	14,389
Public Lending Rights / Education Lending Rights Schemes	17,195	16,734
Untimed Local Call Access	-	30,202
Telecommunication Service Inquiry - Internet Assistance Program	(2,068)	2,350
Other goods and services	603	251
Total other expenses	35,644	69,165
Total Expenses Administered on Behalf of Government	600,172	624,187
Note 20A: Net gains and losses from disposal of assets		
Net gains and losses from disposal of assets		
Proceeds from sale	-	-
Less written down value of assets sold, excluding capitalised selling costs	(1,118)	-
Less capitalised selling costs	-	-
Net gain / (loss) on sale	(1,118)	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 21: Assets Administered on Behalf of Government		
Financial Assets		
Cash		
Administered payments bank account	65	910
Total cash	65	910
Receivables		
GST receivable from the ATO	5,448	7,349
USO and NRS receivables	7,689	7,409
Other receivables	1,054	315
<i>Less: Provision for doubtful debts</i>	<i>(7,961)</i>	<i>(7,158)</i>
Total receivables (net)	6,230	7,915
Receivables (gross) are aged as follows:		
Current	5,448	7,491
Overdue by:		
Less than 30 days	374	-
30 to 60 days	102	29
60 to 90 days	31	19
More than 90 days	8,236	7,534
Total receivables (gross)	14,191	15,073
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	(26)
60 to 90 days	-	-
More than 90 days	(7,961)	(7,132)
Total provision for doubtful debts	(7,961)	(7,158)
Accrued revenue		
Interest	-	114
Total accrued revenue	-	114

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

		2005	2004
		\$'000	\$'000
Note 21: Assets Administered on Behalf of Government (continued)			
Financial Assets (continued)	Notes		
Investments	25		
<i>Investments of Special Accounts:</i>			
Bank accepted commercial bills		-	9,865
On call account		-	2,162
		-	12,027
<i>Investments in Portfolio Agencies:</i>			
Commonwealth authorities			
- Australia Council	A	7,701	7,701
- Australian Broadcasting Authority	B	286	277
- Australian Broadcasting Corporation and controlled entities	C	421,232	421,232
- Australian Communications Authority	D	11,627	11,627
- Australian Film Commission	E	246,160	246,070
- Australian Film, Television and Radio School	F	24,226	24,224
- Australian National Maritime Museum	G	16,375	16,375
- National Gallery of Australia and controlled entity	H	258,970	254,970
- National Library of Australia	I	156,669	152,741
- National Museum of Australia	J	3,027	2,027
- Special Broadcasting Service Corporation and controlled entity	K	75,825	70,205
- Australian Sports Commission	L	118,724	107,092
- Australian Sports Drug Agency	M	201	201
		1,341,023	1,314,742
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
		5,908,775	5,908,775
Total investments		7,249,798	7,235,544
^(a) The market value of the share holding is estimated to be \$32.62 billion as at the 30th June 2005 (\$32.42 billion as at 30th June 2004).			
Total Financial Assets		7,256,093	7,244,483

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 21: Assets Administered on Behalf of Government (continued)		
Non-Financial Assets		
Land and buildings		
Building - National Institute of Dramatic Art (NIDA) - at fair value	38,373	36,670
Accumulated depreciation	<u>(1,610)</u>	<u>(4)</u>
	36,763	36,666
Assets under construction - NIDA Building - at cost	5	93
Total land and buildings	<u>36,768</u>	<u>36,759</u>
Heritage and cultural assets		
Building - Old Parliament House (OPH) - at fair value	47,819	45,500
Accumulated depreciation	<u>(6,381)</u>	<u>(2)</u>
	41,438	45,498
OPH Heritage Collections - at fair value	2,845	2,682
Accumulated depreciation	<u>(94)</u>	<u>(1)</u>
	2,751	2,681
Assets under construction - OPH Building - at cost	1,506	197
Assets under construction - OPH Heritage Collections - at cost	10	32
Total heritage and cultural assets	<u>45,705</u>	<u>48,408</u>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2003-04, the revaluation of the NIDA and OPH buildings was conducted by the Rushton Group. The revaluation of the OPH Heritage Collections was conducted by the Australian Valuation Office.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 21A: Analysis of Property, Plant, Equipment and Intangibles

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

Item	Buildings (\$'000)	Heritage and Cultural Assets (\$'000)	TOTAL (\$'000)
As at 1 July 2004			
Gross book value	36,763	48,411	85,174
Accumulated depreciation	(4)	(3)	(7)
Opening Net Book Value	36,759	48,408	85,167
Additions:			
by purchase	1,615	4,887	6,502
from acquisitions of entities or operations (including restructuring)	-	-	-
Net revaluation increment / (decrement)	-	-	-
Depreciation / amortisation expense	(1,606)	(6,472)	(8,078)
Recoverable amount write-downs	-	-	-
Disposals:			
from disposal of entities or operations (including restructuring)	-	-	-
other disposals	-	(1,118)	(1,118)
write-offs	-	-	-
As at 30 June 2005			
Gross book value	38,378	52,180	90,558
Accumulated depreciation	(1,610)	(6,475)	(8,085)
Closing Net Book Value	36,768	45,705	82,473

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table B: Property, Plant and Equipment and Intangibles at Valuation

Item	Buildings (\$'000)	Heritage and Cultural Assets (\$'000)	TOTAL (\$'000)
As at 30 June 2005			
Gross value	36,670	48,182	84,852
Accumulated depreciation / amortisation	(1,610)	(6,463)	(8,073)
Net book value	35,060	41,719	76,779
As at 30 June 2004			
Gross value	36,670	48,182	84,852
Accumulated depreciation / amortisation	(4)	(3)	(7)
Net book value	36,666	48,179	84,845

Table C: Property, Plant and Equipment and Intangibles held under Finance Lease

Item	Buildings (\$'000)	Heritage and Cultural Assets (\$'000)	TOTAL (\$'000)
As at 30 June 2005			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-
As at 30 June 2004			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-

Table D: Property, Plant and Equipment and Intangibles under Construction.

Item	Buildings (\$'000)	Heritage and Cultural Assets (\$'000)	TOTAL (\$'000)
Gross value at 30 June 2005	5	1,516	1,521
Gross value at 30 June 2004	93	229	322

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
Note 21: Assets Administered on Behalf of Government (continued)		
Other non-financial assets		
Prepayments	3,977	2,567
Total other non-financial assets	3,977	2,567
Total Non-Financial Assets	86,450	87,734
Total Assets Administered on Behalf of Government	7,342,543	7,332,217
Note 22: Liabilities Administered on Behalf of Government		
Payables		
Suppliers		
Trade creditors	366	295
Accrued expenses	7,095	2,885
Total suppliers	7,461	3,180
Grants and subsidies		
Public sector -		
State and Territory Governments	822	910
Local Governments	205	3
Private sector -		
Non-profit institutions	75	6
Commercial entities	2,267	1,484
Total grants and subsidies	3,369	2,403
GST payable		
GST payable to OPA	4,642	7,031
Total GST payable	4,642	7,031
Other payables		
Public Lending Rights / Education Lending Rights Schemes	2	2
Total other payables	2	2
Total Payables	15,474	12,616
Total Liabilities Administered on Behalf of Government	15,474	12,616

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

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
Note 23: Administered Reconciliation Table		
<i>Opening administered assets less administered liabilities as at 1 July</i>	7,319,601	7,083,687
<i>Plus Administered revenues</i>	2,645,106	2,339,489
<i>Less Administered expenses</i>	(600,172)	(624,187)
Administered transfers to / (from) Australian Government:		
Appropriation transfers from OPA	433,018	437,596
Transfers to OPA	(2,470,951)	(1,922,239)
Restructuring	467	-
Administered revaluations taken to / (from) reserves	-	5,255
<i>Closing administered assets less administered liabilities as at 30 June</i>	7,327,069	7,319,601

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

2005	2004
\$'000	\$'000

Note 24: Administered Contingent Liabilities

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 2005.

Remote Administered Contingencies

The Department reports remote contingent liability in respect of a request to rectify a contract to make an additional \$2.5m (2004: \$2.5m) payable. The Department denies that there are any legal grounds which require the contract to be rectified.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 25: Administered Investments

Ownership %	Principal Activity
100.0	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.
100.0	B Australian Broadcasting Authority - Facilitates an accessible, diverse and responsible broadcasting industry. A body corporate established under the Broadcasting Services Act 1992.
100.0	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.
100.0	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.
100.0	E Australian Film Commission - Development of an internationally competitive Australian screen industry. A body corporate established under the Australian Film Commission Act 1975.
100.0	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.
100.0	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.
100.0	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.
100.0	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.
100.0	J National Museum of Australia - Provides Australians 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.
100.0	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 Services Act 1991
100.0	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.
100.0	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 1990.
100.0	N Film Finance Corporation Australia Ltd - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
100.0	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.
100.0	P Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the Australian Postal Corporation Act 1989.
100.0	Q Bundanon Trust - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
100.0	R Film Australia Ltd - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
51.8	S Telstra Corporation Ltd - Provides a national and international telecommunication service. Incorporated in Australia.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 26: Administered Restructuring

As a result of the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), the Department assumed responsibility for Indigenous programs relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 6 January 2005.

In the previous financial year the Department assumed responsibility for the Office for the Information Economy functions on 8 April 2004 (no assets and liabilities were assumed).

In respect of programs assumed, the net book value of administered 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:

	2005 \$'000	2004 \$'000
Total assets recognised	467	-
Total liabilities recognised	-	-
Net assets assumed	467	-

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

Department of Immigration and Multicultural and Indigenous Affairs

Revenues

Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	109	-
Recognised by Department of Communications, Information Technology and the Arts	563	-
Total revenues	672	-

Expenses

Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	23,298	-
Recognised by Department of Communications, Information Technology and the Arts	19,669	-
Total expenses	42,967	-

Office for the Information Economy

Revenues

Recognised by the Australian Government Information Management Office	-	-
Recognised by Department of Communications, Information Technology and the Arts	-	-
Total revenues	-	-

Expenses

Recognised by the Australian Government Information Management Office	-	1,153
Recognised by Department of Communications, Information Technology and the Arts	-	1,931
Total expenses	-	3,084

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (A): Administered Financial Instruments

Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate				Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2005 \$'000	2004 \$'000	1 to 5 years		> 5 years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
				2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000						
Financial Assets													
Cash	21	-	-	-	-	-	-	65	910	65	910	n/a	n/a
Receivables - GST	21	-	-	-	-	-	-	5,448	7,349	5,448	7,349	n/a	n/a
Receivables - USO and NRS (gross)	21	-	-	-	-	-	-	7,689	7,409	7,689	7,409	n/a	n/a
Receivables - other (gross)	21	-	-	-	-	-	-	1,054	315	1,054	315	n/a	n/a
Investments	21	-	2,162	-	9,865	-	-	-	-	-	12,027	n/a	5.0%
Accrued revenue	21	-	-	-	-	-	-	-	114	-	114	n/a	n/a
Total		-	2,162	-	9,865	-	-	14,256	16,097	14,256	28,124		
Total Assets								7,342,543	7,332,217				
Financial Liabilities													
Payables - suppliers	22	-	-	-	-	-	-	7,461	3,180	7,461	3,180	n/a	n/a
Payables - grants and subsidies	22	-	-	-	-	-	-	3,369	2,403	3,369	2,403	n/a	n/a
Payables - GST	22	-	-	-	-	-	-	4,642	7,031	4,642	7,031	n/a	n/a
Payables - other	22	-	-	-	-	-	-	2	2	2	2	n/a	n/a
Total		-	-	-	-	-	-	15,474	12,616	15,474	12,616		
Total Liabilities								15,474	12,616				
Liabilities Not Recognised													
Guarantees	24	-	-	-	-	-	-	150	-	150	-	n/a	n/a
Commonwealth indemnity of art exhibitions	24	-	-	-	-	-	-	394,490	959,059	394,490	959,059	n/a	n/a
Other liabilities	24	-	-	-	-	-	-	2,500	2,500	2,500	2,500	n/a	n/a
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	397,140	961,559	397,140	961,559		

Investments in Portfolio authorities and companies have been removed from comparative year figures to be consistent with current year presentation.

Department of Communications, Information Technology and the Art
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 27 (B): Administered Financial Instruments

Net Fair Values of Agency Financial Assets and Liabilities

	Notes	2005		2004	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Administered Financial Assets					
Cash	21	65	65	910	910
Receivables - GST	21	5,448	5,448	7,349	7,349
Receivables - USO and NRS (net)	21	40	40	424	423
Receivables - other (net)	21	742	742	142	142
Investments	21	-	-	12,027	12,027
Accrued revenue	21	-	-	114	115
Total Financial Assets		6,295	6,295	20,966	20,966
Financial Liabilities (Recognised)					
Payables - suppliers	22	7,461	7,461	3,180	3,180
Payables - grants and subsidies	22	3,369	3,369	2,403	2,403
Payables - GST	22	4,642	4,642	7,031	7,031
Payables - other	22	2	2	2	2
Total Financial Liabilities (Recognised)		15,474	15,474	12,616	12,616
Financial Liabilities (Unrecognised)					
Guarantees	24	150	-	-	-
Commonwealth indemnity of art exhibitions	24	394,490	-	959,059	959,059
Other liabilities	24	2,500	-	2,500	2,500
Total Financial Liabilities (Unrecognised)		397,140	-	961,559	961,559

Financial Assets

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

Financial Liabilities

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

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (C): Administered Financial Instruments

Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

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

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (D): Administered Financial Instruments

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	21	Cash is recognised at its nominal amount.	The balances of the Administered Payments and Receipts Accounts are swept nightly to the Official Public Account (OPA), and the balance of the Administered Payments Account is returned the following morning. Interest is not earned on the account balances.
Receivables	21	Receivables are recognised at the nominal amounts due less provision for doubtful debts. Dividends are recognised as receivable when the dividend is declared and approved.	Receivables include levies due from telecommunication carriers under the Universal Service Obligation and National Relay Service programs, dividends receivable from Telstra and Australia Post and GST input tax credits receivable from the ATO.
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	Suppliers payable and accrued expenses are recognised at nominal amounts, once goods and services have been received. Grant liabilities are recognised once the grantee has met obligations specified in the grant agreement.	Settlement is usually made net 30 days. Grant payments are made in accordance with the grant agreement.
Unrecognised Financial Liability		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 indemnities would be called upon, and recognition as the liability was therefore not required.	
Guarantees	24	The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Administered Items and Note 24. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantee is to The Australian Ballet for a tour of non-metropolitan areas. It is a guarantee to reimburse realised losses up to a maximum of \$150,000.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28: Appropriations

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
Year ended 30 June 2005	\$	\$	\$	\$	\$
Balance carried forward from previous year	22,577,323	73	68,829,516	43,003,169	134,410,081
Reductions of appropriations (prior years) ³	(6,873,863)	(73)	(62,307,410)	-	(69,181,346)
Adjustments of appropriations on change of entity function (FMAA s32) ¹	-	-	561,577	-	561,577
<i>Add: estimated administered appropriation lapsed 2004-2005 ⁴</i>	-	-	-	-	-
Adjusted Balance carried forward from previous period	15,703,460	-	7,083,683	43,003,169	65,790,312
Appropriation Act (No. 1) 2004-2005	134,813,000	7,701,000	168,636,000	104,960,000	416,110,000
Appropriation Act (No. 3) 2004-2005	9,676,000	19,855,000	23,529,000	43,000	53,103,000
Appropriation Act (No. 5) 2004-2005	-	5,055,000	-	-	5,055,000
Advance to the Finance Minister	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	4,619,047	2,054,636	13,776,483	4,430,457	24,880,623
Annotations to 'net appropriations' (FMAA s31) ⁵	-	-	-	5,110,710	5,110,710
Adjustments of appropriations on change of entity function (FMAA s32) ²	9,227,215	5,553,714	4,991,550	10,142,329	29,914,808
Total appropriations available for payments	174,038,722	40,219,350	218,016,716	167,689,665	599,964,453
Payments made (GST inclusive)	(152,559,818)	(23,100,196)	(176,154,520)	(110,278,804)	(462,093,338)
Appropriations credited to Special Accounts	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	21,478,904	17,119,154	41,862,196	57,410,861	137,871,115
<i>Represented by:</i>					
Cash at bank and on hand	11,418	-	49,273	7,133,864	7,194,555
<i>Add:</i> Appropriations not drawn from the OPA	21,467,486	17,119,154	41,812,923	-	80,399,563
<i>Add:</i> Appropriations receivable	-	-	-	49,806,611	49,806,611
<i>Add:</i> Receivables - Goods and Services - GST receivable from customers	-	-	-	168,774	168,774
<i>Add:</i> Receivables - Net GST receivable from the ATO	-	-	-	784,941	784,941
<i>Less:</i> Payable - Suppliers - GST portion	-	-	-	(483,329)	(483,329)
Total	21,478,904	17,119,154	41,862,196	57,410,861	137,871,115

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)

- ¹ A Section 32 determination was signed on 9 July 2004 transferring \$561,577 to DCITA's Act 1 2003-04 Administered Expenses Outcome 3 appropriation from AGIMO's Act 1 2003-04 Administered Expenses Outcome 1 appropriation.
- ² FMAA s32 appropriations relate to the transfer of indigenous functions to DCITA from the Department of Immigration and Multicultural Affairs, and the transfer of AGIMO Information Economy function to DCITA.
- ³ Relates to lapsing of 2003-04 appropriations. The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred.
- ⁴ The Finance Minister's determination is not made until after financial year end and after the financial statements are completed. Hence, any lapsing amount for the 2004-005 administered appropriations have not been estimated.
- ⁵ Appropriation Acts nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with agreements made under section 31 of the Financial Management and Accountability Act 1997 between the Finance Minister and the responsible Minister or their delegated or authorised officials.

Doubt has arisen as to whether the Department's Section 31 Agreements covering the periods 1 July 1999 to 21 June 2005 were effective because our signatories may not have had an express delegation or authority for signing the agreements. To put the matter beyond doubt, the Department's current agreement was revised on 30 June 2005 to capture all monies that were subject to prior agreements to the extent they may have been ineffective.

The period and amounts covered by the agreements are set out below:

	1997-98	1998-99	Total pre-accrual budgeting	1999-00	2000-01	2001-02	2002-03	2003-04	Sub-total	2004-05	Total 1 July 1999 to 30 June 2005
Receipts affected	7,411,361	8,889,756	16,301,117	27,117,000	34,941,000	37,120,474	24,963,748	6,317,776	130,459,998	5,110,710	135,570,708
Amount spent, potentially without appropriation	7,411,361	8,889,756	16,301,117	-	51,586,535	22,243,445	33,606,030	-	107,436,010	-	107,436,010
Unspent	-	-	-	27,117,000	(16,645,535)	14,877,029	(8,642,282)	6,317,776	23,023,988	5,110,710	28,134,698

Legal advice indicates that in the circumstances a court is unlikely to conclude that the doubtful agreements are invalid for the purposes of determining whether there has been a breach of section 83 of the Constitution.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
Year ended 30 June 2004 (Comparative Period)					
Balance carried forward from previous period		\$	\$	\$	\$
Appropriation Act (No.1) 2003-004	14,106,909	15,296	56,528,226	23,610,212	94,260,643
Appropriation Act (No.3) 2003-004	122,299,000	3,689,000	193,586,000	112,909,000	432,483,000
Appropriation Act (No.5) 2003-2004	2,125,000	-	2,949,000	10,261,000	15,335,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	6,000,000	600,000	-	-	6,600,000
Advance to the Finance Minister	-	-	-	-	-
Refunds credited (FMIAA s30)	-	-	-	-	-
Appropriations to take account of recoverable GST (FMIAA s30A)	3,582,327	400,454	9,783,332	4,418,513	18,184,626
Annotations to 'net appropriations' (FMIAA s31)	-	-	-	6,317,776	6,317,776
Other cash adjustments	47,449	-	1,897,293	26,758,963	28,703,705
Adjustment of appropriations of change of entity function (FMIAA s32)	-	-	4,535,521	(4,360,097)	175,424
Appropriation lapsed	(337,721)	-	(52,946,677)	-	(53,284,398)
Total appropriations available for payments	147,822,964	4,704,750	216,332,695	179,915,367	548,775,776
Payments made during the year (GST inclusive)	(125,245,641)	(4,704,677)	(147,503,179)	(136,912,198)	(414,365,695)
Appropriations credited to Special Accounts	-	-	-	-	-
Balance carried to the next period	22,577,323	73	68,829,516	43,003,169	134,410,081

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations

Particulars	Administered			Non-operating				Total
	Outcome 1		Outcome 2	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	SPPs	NAE	SPPs	NAE				
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2005								
Balance carried forward from previous year	-	-	-	-	250,000	-	-	250,000
Appropriation Act (No. 2) 2004-2005	-	-	-	-	11,000	-	-	11,000
Appropriation Act (No. 4) 2004-2005	-	-	1,125,000	-	-	-	-	1,125,000
Sub-total 2004-05 Appropriations	-	-	1,125,000	-	261,000	-	-	1,386,000
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	26,109	-	296	-	-	26,405
Total appropriations available for payments	-	-	1,151,109	-	261,296	-	-	1,412,405
Payments made (GST inclusive)	-	-	(287,201)	-	(3,264)	-	-	(290,465)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations	-	-	863,908	-	258,032	-	-	1,121,940
<i>Represented by:</i>								
Appropriations receivable	-	-	-	-	258,032	-	-	258,032
Appropriations not drawn from the OFA	-	-	863,908	-	-	-	-	863,908
Total	-	-	863,908	-	258,032	-	-	1,121,940

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations(continued)

Particulars	Administered			Non-operating				Total
	Outcome 1		Outcome 2	Equity	Loans	Previous Years' Outpays	Admin assets and liabilities	
	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous Years' Outpays	Admin assets and liabilities
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2004 (Comparative Period)								
Balance carried forward from previous year					1,619,016			1,619,016
Appropriation Act (No.2) 2003-2004					90,000			90,000
Appropriation Act (No.4) 2003-2004					500,000			500,000
Appropriation Act (No.6) 2003-2004			50,000,000					50,000,000
Adjustments by the Finance Minister								
Advance to the Finance Minister								
Refunds credited (FMAA s30)								
Appropriations to take account of recoverable GST (FMAA s30A)					25,000			25,000
Annotations to 'net appropriations' (FMAA s31)								
Other cash adjustments								
Adjustment of appropriations o change of entity function (FMAA s32)					(1,600,000)			(1,600,000)
Appropriation lapsed								
Total appropriations available for payments			50,000,000		634,016			50,634,016
Cash payments made during the year (GST inclusive)			(50,000,000)		(384,016)			(50,384,016)
Appropriations credited to Special Accounts								
Balance carried forward to the next year					250,000			250,000

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

	2005	2004
Financial Management and Accountability Act 1997 - Section 39(9)		
	Outcome 3	
	\$	\$
<i>Purpose:</i> for the investment of public money.		
All transactions under this act are recognised as administered items.		
Cash payments made	-	-
Budget estimate	-	-

	2005	2004
Broadcasting Services Act 1992 - Section 98B4, Telstra Corporation Act 1991 - 8BA(3), Financial Management and Accountability Act 1997 - Section 28(2) and AUSSAT Repeal Act 1991 Section 5(5)		
	Outcome 3	
	\$	\$
<i>Purpose:</i> Various		
All transactions under this act are recognised as administered items.		
Cash payments made	-	-
Budget estimate	-	-

Totals for Unlimited Special Appropriations		
Cash payments made	-	-
Budget estimate	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28C: Acquittal of Authority to Draw cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Appropriation (Supplementary Measures) Act (No. 1) 1999, section 3 ⁽¹⁾ <i>Purpose:</i> for payment of book industry assistance. <i>Nature:</i> Administered and Departmental	Administered Expenses		Departmental Outputs		Total	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Balance carried forward from previous year	854		501,857	379,426	502,711	379,426
Appropriation for reporting year		10,230,000	-	3,070,000	-	13,300,000
GST credits (FMAA s30A)			31,970	66,554	31,970	66,554
Other annotations			-	(6,655)	-	(6,655)
A available for payments	854	10,230,000	533,827	3,509,325	534,681	13,739,325
Payments made	-	(10,229,146)	(521,311)	(3,007,468)	(521,311)	(13,236,614)
Balance carried to the next year	854	854	12,516	501,857	13,370	502,711
<i>Represented by:</i>						
Cash			12,516	162,771	12,516	162,771
Appropriation not drawn from the OPA	854	854	-	339,086	854	339,940
Total	854	854	12,516	501,857	13,370	502,711

⁽¹⁾ The Appropriation (Supplementary Measures) Act No.1 1999 appropriation is split between the Department of Industry, Tourism and Resources, the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts. The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28D: Special Accounts

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 Minister's Council and its subordinate body, the Standing Committee on Recreation and Sport, the cost of which will be jointly met by the Commonwealth, States and Territories.

Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried forward from previous year	-	-	122,218	56,437	-	-	122,218	56,437
GST Credits (F/MAA s30A)	-	-	47,714	39,283	-	-	47,714	39,283
Sales of goods & services - related entities	-	-	53,650	21,650	-	-	53,650	21,650
Sales of goods & services - external entities	-	-	416,382	436,957	-	-	416,382	436,957
Available for payments	-	-	639,964	554,327	-	-	639,964	554,327
Payments made to suppliers - related entities	-	-	(343,774)	(342,459)	-	-	(343,774)	(342,459)
Payments made to suppliers - external entities	-	-	(182,549)	(89,650)	-	-	(182,549)	(89,650)
Balance carried forward to next year	-	-	113,641	122,218	-	-	113,641	122,218
<i>Represented by:</i>								
Cash - held by the entity	-	-	113,641	122,218	-	-	113,641	122,218
Other	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	113,641	122,218	-	-	113,641	122,218

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Artbank Business Operations Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payment on program and operations of Artbank.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried forward from previous year	2,341,461	2,066,291	-	-	-	-	2,341,461	2,066,291
Appropriation for reporting year	-	-	-	-	-	-	-	-
Cost recovered	-	-	-	-	-	-	-	-
GST credits (FMIAA s30A)	-	-	-	-	-	-	-	-
Adjustment for prior period reporting error	-	-	-	-	-	-	-	-
Sales of goods & services - related entities	1,292,902	1,323,002	-	-	-	-	1,292,902	1,323,002
Sales of goods & services - external entities	1,411,549	1,279,423	-	-	-	-	1,411,549	1,279,423
Interest from external entities	-	45,910	-	-	-	-	-	45,910
Other receipts	14,873	30,864	-	-	-	-	14,873	30,864
Available for payments	5,060,785	4,745,490	-	-	-	-	5,060,785	4,745,490
Payments made to employees	(1,013,373)	(791,931)	-	-	-	-	(1,013,373)	(791,931)
Payments made to suppliers - related entities	(45,633)	(52,040)	-	-	-	-	(45,633)	(52,040)
Payments made to suppliers - external entities	(2,092,657)	(1,560,058)	-	-	-	-	(2,092,657)	(1,560,058)
Payments made to other - related entities	-	-	-	-	-	-	-	-
Payments made to other - external entities	-	-	-	-	-	-	-	-
Balance carried forward to next year	1,909,122	2,341,461	-	-	-	-	1,909,122	2,341,461
<i>Represented by:</i>								
Cash - transferred to the Official Public Account	-	-	-	-	-	-	-	-
Cash - held by the entity	1,909,122	2,341,461	-	-	-	-	1,909,122	2,341,461
Other	-	-	-	-	-	-	-	-
Balance of Investments (FMIAA s39)	-	-	-	-	-	-	-	-
Total per balance carried to the next period	1,909,122	2,341,461	-	-	-	-	1,909,122	2,341,461
Aggregate of Special Account balance and related investments	1,909,122	2,341,461	-	-	-	-	1,909,122	2,341,461

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

ScreenSound Australia Account⁽¹⁾

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		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried forward from previous year	-	303,959	-	-	-	-	-	303,959
Appropriation for reporting period	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Cost recovered	-	-	-	-	-	-	-	-
GST Credits (FMAA s30A)	-	-	-	-	-	-	-	-
Available for payments	-	303,959	-	-	-	-	-	303,959
Payments made	-	303,959	-	-	-	-	-	303,959
Balance carried forward to next year	-	-	-	-	-	-	-	-
<i>Represented by:</i>								
Cash - transferred to the Official Public Account	-	-	-	-	-	-	-	-
Cash - held by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Balance of Investments (FMAA s39)	-	-	-	-	-	-	-	-
Total per balance carried to the next period	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	-	-	-	-

⁽¹⁾ This program was transferred, under AAO's June 2003, to the Australian Film Commission.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

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: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous year	-	-	-	-	-	-	-	-
Appropriation for reporting year	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-
Other receipts	60,149	88,064	2,655	480	87,255	8,880	150,059	97,424
Available for payments	60,149	88,064	2,655	480	87,255	8,880	150,059	97,424
Payments made to suppliers	(57,951)	(88,064)	(2,413)	(480)	(83,577)	(8,880)	(143,941)	(97,424)
Balance carried to the next year	2,198	-	242	-	3,678	-	6,118	-
<i>Represented by:</i>								
Cash on call held in the OPA	-	-	-	-	-	-	-	-
Cash held by the entity	2,198	-	242	-	3,678	-	6,118	-
Total	2,198	-	242	-	3,678	-	6,118	-
Aggregate of Special Account balance and related investments	2,198	-	242	-	3,678	-	6,118	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Federation Fund Account

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

Purpose: for the 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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	4,439,679	8,841,199	8,861,550	8,861,550	-	-	-	-	13,301,229	17,702,749
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	57,741	63,922	-	-	-	-	-	-	57,741	63,922
Adjustment for prior year reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - return of deposit monies	-	201,123	-	-	-	-	-	-	-	201,123
Available for payments	4,497,420	9,106,244	8,861,550	8,861,550	-	-	-	-	13,358,970	17,967,794
Payments made for grants	(1,709,096)	(4,210,240)	-	-	-	-	-	-	(1,709,096)	(4,210,240)
Payments made to suppliers	-	(456,325)	-	-	-	-	-	-	-	(456,325)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229
<i>Represented by:</i>										
Cash on call held in the OPA	2,788,324	3,529,421	8,861,550	8,861,550	-	-	-	-	11,649,874	12,390,971
Cash held by the entity	-	910,258	-	-	-	-	-	-	-	910,258
Total	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Regional Telecommunications Infrastructure Account

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

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

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	36,065,134	54,430,158	-	-	36,065,134	54,430,158
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	436,178	-	-	-	436,178
Adjustment for prior period reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	219,475	-	-	-	219,475	-
Available for payments	-	-	-	-	36,284,609	54,866,336	-	-	36,284,609	54,866,336
Payments made for grants	-	-	-	-	-	(18,801,202)	-	-	-	(18,801,202)
Payments made for subsidies	-	-	-	-	-	-	-	-	-	-
Other payments	-	-	-	-	-	-	-	-	-	-
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
<i>Represented by:</i>										
Cash on call held in the OPA	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

National Relay Service Account

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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	(10,975)	(251)	-	-	(10,975)	(251)
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	1,467,294	1,367,447	-	-	-	-	1,467,294	1,367,447
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - levy on telecommunication carriers	-	-	15,285,239	14,350,638	-	-	-	-	15,285,239	14,350,638
Available for payments	-	-	16,741,558	15,717,834	-	-	-	-	16,741,558	15,717,834
Payments made to National Relay Service provider	-	-	-	-	(16,741,558)	(15,728,809)	-	-	(16,741,558)	(15,728,809)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	-	-	-	(10,975)	-	-	-	(10,975)
<i>Represented by:</i>										
Cash on call held in the OPA	-	-	-	(10,975)	-	-	-	-	-	(10,975)
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	(10,975)	-	-	-	-	-	(10,975)
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	(10,975)	-	-	-	-	-	(10,975)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Television Fund Account

Legal Authority: Financial Management and Accountability Act 1997, sections 21 and 39, 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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	9,853,568	9,857,487	-	-	9,853,568	9,857,487
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	869,116	59,814	-	-	-	-	869,116	59,814
Adjustment for prior year reporting error	-	-	-	6,650	-	-	-	-	-	6,650
Realised investments	-	-	12,027,158	6,325,163	-	-	-	-	12,027,158	6,325,163
Receipts - grants refunds	-	-	65,795	-	-	-	-	-	65,795	-
Other receipts - interest	-	-	607,642	674,837	-	-	-	-	607,642	674,837
Available for payments	-	-	23,423,279	16,923,951	-	-	-	-	23,423,279	16,923,951
Payments made for grants	-	-	(12,785,997)	(7,067,655)	-	-	-	-	(12,785,997)	(7,067,655)
Payments made to suppliers	-	-	-	(2,728)	-	-	-	-	-	(2,728)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Other adjustments ¹	-	-	-	-	(10,637,282)	-	-	-	(10,637,282)	-
Balance carried to the period	-	-	-	-	9,853,568	-	-	-	9,853,568	-
<i>Represented by:</i>										
Cash on call held in the OPA	-	-	-	-	-	9,853,568	-	-	-	9,853,568
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	9,853,568	-	-	-	9,853,568
Balance of investments (FMAA s39)	-	-	-	-	-	12,027,158	-	-	-	12,027,158
Aggregate of Special Account balance and related investments	-	-	-	-	-	21,880,726	-	-	-	21,880,726

¹The Television Fund Account was closed on 30 June 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Universal Service Account

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

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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	264,528	46,247	-	-	264,528	46,247
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	6,824,995	-	6,824,995	6,479,485	-	-	6,824,995	6,479,485
Adjustment for prior period reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - levy on telecommunication carriers	-	-	71,925,657	68,128,677	71,925,657	68,128,677	-	-	71,925,657	68,128,677
Available for payments	-	-	79,015,180	74,654,409	79,015,180	74,654,409	-	-	79,015,180	74,654,409
Payments made under the Universal Service Obligation arrangements	-	-	(79,005,372)	(74,389,881)	(79,005,372)	(74,389,881)	-	-	(79,005,372)	(74,389,881)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	9,808	264,528	9,808	264,528	-	-	9,808	264,528
<i>Represented by:</i>										
Cash on call held in the OPA	-	-	9,808	264,528	9,808	264,528	-	-	9,808	264,528
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	9,808	264,528	9,808	264,528	-	-	9,808	264,528
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	9,808	264,528	9,808	264,528	-	-	9,808	264,528

The USO Special Account was transferred to the Australian Communications and Media Authority from 1 July 2005. See Note 3: Events Occurring after Reporting Date.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Untimed Local Call Access Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telstra Corporation Act 1991, section 52.

Purpose : provide 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	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	34,160,152	34,160,152	-	-	34,160,152	34,160,152
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - interest	-	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	34,160,152	34,160,152	-	-	34,160,152	34,160,152
Payments made under the Untimed Local Call Access contract	-	-	-	-	-	-	-	-	-	-
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Other Adjustments ¹	-	-	-	-	(34,160,152)	-	-	-	(34,160,152)	-
Balance carried to the period	-	-	-	-	-	34,160,152	-	-	-	34,160,152
<i>Represented by:</i>										
Cash on call held in the OPA	-	-	-	-	-	34,160,152	-	-	-	34,160,152
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	34,160,152	-	-	-	34,160,152
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	-	34,160,152	-	-	-	34,160,152

¹The Untimed Local Call Access Account was abolished on 22 February 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 29 - Specific Payment Disclosures	2005	2004
	\$	\$
Administered		
No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	<u>Nil</u>	<u>Nil</u>
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	<u>Nil</u>	<u>Nil</u>
No payments were made under the 'Defective Administration Scheme' during either reporting period.	<u>Nil</u>	<u>Nil</u>
No 'ex-gratia' payments were made during either reporting period.	<u>Nil</u>	<u>Nil</u>
No payments were made under s73 of the <i>Public Service Act 1999</i> during either reporting period.	<u>Nil</u>	<u>Nil</u>
Departmental		
No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	<u>Nil</u>	<u>Nil</u>
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	<u>Nil</u>	<u>Nil</u>
No payments were made under the 'Defective Administration Scheme' during either reporting period.	<u>Nil</u>	<u>Nil</u>
No 'ex-gratia' payments were made during either reporting period.	<u>Nil</u>	<u>Nil</u>
No payments were made under s73 of the <i>Public Service Act 1999</i> during either reporting period.	<u>Nil</u>	<u>Nil</u>

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 30: Reporting by Outcome

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 largely 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 2004-2005 budget.

Note 30A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered expenses	153,536	138,854	21,291	54,289	425,345	431,044	600,172	624,187
Departmental expenses	44,921	38,610	6,281	3,271	63,558	56,672	114,760	98,553
Total expenses	198,457	177,464	27,572	57,560	488,903	487,716	714,932	722,740
<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								
Interest on loans		4			493	741	493	745
Dividends from Australian Government Companies					2,368,948	1,830,052	2,368,948	1,830,052
Industry levies					247,113	255,736	247,113	255,736
Other	10,507	5,287	11,703	8	6,342	247,661	28,552	252,956
Total Administered	10,507	5,291	11,703	8	2,622,896	2,334,190	2,645,106	2,339,489
Departmental								
Interest on cash deposits	5	43		2	7	34	12	79
Revenue from disposals of assets	19	38		1	5	30	24	69
Reversals of previous asset write-downs								
Other	4,782	4,238	772	468	923	919	6,477	5,625
Goods and services revenue from related entities	1,433	2,168	13	82	173	1,395	1,619	3,645
Total Departmental	6,239	6,487	785	553	1,108	2,378	8,132	9,418
Total other external revenues	16,746	11,778	12,488	561	2,624,004	2,336,568	2,653,238	2,348,907
Net cost/(contribution) of outcome	181,711	165,686	15,084	56,999	(2,135,101)	(1,848,852)	(1,938,306)	(1,626,167)

Outcomes 1, 2 and 3 are described in Note 1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs (continued)

	Output 1.1		Output 1.2		Outcome 1 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Departmental expenses						
Employees	15,796	11,402	7,771	6,838	23,567	18,240
Suppliers	9,486	9,679	7,157	6,743	16,643	16,422
Depreciation and amortisation	666	410	483	309	1,149	719
Grants	3,099	2,459	-	-	3,099	2,459
Other	83	211	380	559	463	770
Total departmental expenses	29,130	24,161	15,791	14,449	44,921	38,610
Funded by:						
Revenues from government	24,947	22,246	15,623	36,436	40,570	58,682
Sale of goods and services	2,498	2,813	934	1,069	3,432	3,882
Other non-taxation revenues	1,795	1,264	1,012	1,341	2,807	2,605
Total departmental revenues	29,240	26,323	17,569	38,846	46,809	65,169

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output 2.1		Output 2 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Departmental expenses				
Employees	3,935	1,951	3,935	1,951
Suppliers	2,249	1,252	2,249	1,252
Depreciation and amortisation	89	50	89	50
Grants	-	-	-	-
Other	8	18	8	18
Total departmental expenses	6,281	3,271	6,281	3,271
Funded by:				
Revenues from government	6,687	3,083	6,687	3,083
Sale of goods and services	44	82	44	82
Other non-taxation revenues	741	471	741	471
Total departmental revenues	7,472	3,636	7,472	3,636

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output 3.1		Output 3.2		Output 3.3		Output 3.4		Output 3.5		Outcome 3 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Departmental expenses												
Employees	14,885	14,015	8,123	6,323	4,758	5,520	1,431	1,030	7,209	1,351	36,406	28,239
Suppliers	8,287	12,518	3,395	2,736	2,494	2,972	552	578	5,204	1,484	19,932	20,288
Depreciation and amortisation	599	450	254	177	177	150	58	38	271	34	1,359	849
Grants	30	66	5,619	5,701	-	1,100	-	-	170	-	5,819	6,867
Other	22	203	10	59	3	55	1	11	6	101	42	429
Total departmental expenses	23,823	27,252	17,401	14,996	7,432	9,797	2,042	1,657	12,860	2,970	63,558	56,672
Funded by:												
Revenues from government	24,649	29,722	18,516	15,957	8,104	9,167	2,018	1,462	13,636	2,836	66,923	59,144
Sale of goods and services	138	761	80	276	58	350	338	477	59	51	673	1,915
Other non-taxation revenues	231	402	70	22	53	31	14	4	67	4	435	463
Total departmental revenues	25,018	30,885	18,666	16,255	8,215	9,548	2,370	1,943	13,762	2,891	68,031	61,522

The comparatives shown have been re-stated in relation to output 3.5 (Information Economy), shown previously as part on Output 3.2.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 30C: Major Classes of Administered Revenues and Expenses by Outcomes

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered Revenues								
Interest	-	4	-	-	493	741	493	745
Dividends	-	-	-	-	2,368,948	1,830,052	2,368,948	1,830,052
Industry levies	-	-	-	-	247,113	255,736	247,113	255,736
Other	10,507	5,287	11,703	8	6,342	247,661	28,552	252,956
Total Administered Revenues	10,507	5,291	11,703	8	2,622,896	2,334,190	2,645,106	2,339,489
Administered Expenses								
Grants	126,067	114,861	20,243	54,289	118,734	135,540	265,043	304,690
Subsidies	-	-	-	-	286,760	1,308	286,760	1,308
Suppliers	1,062	280	1,048	-	629	812	2,739	1,092
Depreciation and amortisation	8,079	6,814	-	-	-	-	8,079	6,814
Write-down and impairment of assets	-	-	-	-	789	7,046	789	7,046
Value of assets sold	1,118	-	-	-	-	-	1,118	-
Other	17,210	16,899	-	-	18,433	286,338	35,644	303,237
Total Administered Expenses	153,536	138,854	21,291	54,289	425,345	431,044	600,172	624,187



INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005. The Department's Secretary is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance 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

of the Regional Telecommunications Infrastructure Fund Account for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Regional Telecommunications Infrastructure Fund Account, and that comply with accounting

standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Regional Telecommunications Infrastructure Account's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Regional Telecommunications Infrastructure Account:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Regional Telecommunications Infrastructure Account's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
1 September 2005




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

**REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT
(RTIA)**

2004-2005 FINANCIAL STATEMENTS

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

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records and 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
1 September 2005

Signed.....

Jennifer Gale FCPA
Chief Financial Officer
1 September 2005

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
Revenues from ordinary activities			
Grant refunds	5	337	-
<i>Total revenues from ordinary activities</i>		<u>337</u>	<u>-</u>
Expenses from ordinary activities			
Grants	6	-	24,348
Write-down and impairment of assets	7	125	160
<i>Total expenses from ordinary activities</i>		<u>125</u>	<u>24,508</u>
<i>Net operating surplus / (deficit) from ordinary activities</i>		212	(24,508)
Total changes in equity other than those resulting from transactions with the Australian Government as owners		<u>212</u>	<u>(24,508)</u>

This 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
as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Financial Assets			
Cash	8	-	-
Receivables	9	<u>36,285</u>	<u>36,073</u>
Total Financial Assets		<u>36,285</u>	<u>36,073</u>
Non-Financial Assets			
Prepayments	10	<u>303</u>	<u>303</u>
Total Non-Financial Assets		<u>303</u>	<u>303</u>
Total Assets		<u><u>36,588</u></u>	<u><u>36,376</u></u>
LIABILITIES			
Total Liabilities		<u><u>-</u></u>	<u><u>-</u></u>
NET ASSETS		<u><u>36,588</u></u>	<u><u>36,376</u></u>
EQUITY			
Retained Surpluses / (Accumulated deficits)	12	36,588	36,376
TOTAL EQUITY		<u><u>36,588</u></u>	<u><u>36,376</u></u>
Current Assets		36,588	36,376
Non-current Assets		-	-
Current Liabilities		-	-
Non-current Liabilities		-	-

This 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 2005

	Notes	2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Cash Received			
Grant refunds		221	-
Net GST received from ATO		-	436
Total Cash Received		221	436
Cash Used			
Grants		(1)	(18,801)
Total Cash Used		(1)	(18,801)
Net Cash from / (Used In) Operating Activities	13	220	(18,365)
FINANCING ACTIVITIES			
Cash Received			
GST Appropriations		-	436
Total Cash Received		-	436
Cash Used			
Return of GST Appropriations to OPA		-	(436)
Total Cash Used		-	(436)
Net Cash from / (Used In) Financing Activities		-	-
Net Increase / (Decrease) in Cash Held		220	(18,365)
Cash at the beginning of the reporting period		-	-
Cash from Official Public Account		-	18,365
Cash to Official Public Account		(220)	-
Cash at the end of the reporting period		-	-

This 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
as at 30 June 2005

	2005	2004
	\$'000	\$'000
BY TYPE		
Other Commitments		
Grants	-	-
Total Other Commitments	<u>-</u>	<u>-</u>
Commitments Receivables	-	-
Net Commitments by Type	<u>-</u>	<u>-</u>
BY MATURITY		
Other Commitments		
One year or less	-	-
From one to five years	-	-
Net Commitments by Maturity	<u>-</u>	<u>-</u>

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
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF CONTINGENCIES

as at 30 June 2005

Contingent liabilities	Guarantees		Indemnities		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-
Total Contingent Liabilities	-	-	-	-	-	-

Contingent assets	Guarantees		Indemnities		Total	
	2005	2004	2005	2004	2005	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-
Net Contingencies	-	-	-	-	-	-

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in **Note 11: Contingent Liabilities and Assets**.

This 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 2005

No.	Description
1	Objectives of the RTIA
2	Funding Arrangements for the RTIA
3	Summary of Significant Accounting Policies
4	Implementation of Australian Equivalents to International Financial Reporting Standards (AEIFRS)
5	Revenue
6	Grants
7	Write Down and Impairment of Assets
8	Cash
9	Receivables
10	Prepayments
11	Contingent Liabilities and Assets
12	Equity
13	Cash Flow Reconciliation
14	Financial Instruments
15	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 2005

Introduction

The Regional Telecommunications Infrastructure Account (RTIA) is a special account funded through the partial sale of Telstra and the subsequent social bonus. The special account was established under s20 of the *Financial Management and Accountability Act 1997* and is administered by 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 these total funds, \$9.606m in each year was allocated to DCITA's departmental appropriation to manage the program. The balance of the annual \$50m allocation was transferred into the RTIA.

A further \$81m of funding was provided for three programs, including Telecommunication Needs of Remote Communities (\$20m), Rural Internet Access (\$36m) and Mobile Phones Along Highways (\$25m) all of which allowed spending up to 30 June 2003. The balance of this funding can no longer be used for any payments.

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 2005) 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 proportionally 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 11).

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.

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 2005

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 the unspent funding. The RTIA program funding ended on 30 June 2004.

3.1 Changes in Accounting Policy

There are no changes in accounting policy.

3.2 Rounding

Amounts have been rounded to the nearest \$1,000 except for Note 15.

3.3 Cash

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

3.4 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.

3.5 Financial Instruments

Accounting policies for financial instruments are stated at Note 14.

3.6 Taxation

The RTIA 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.

3.7 Comparative Figures

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

Note 4 - Implementation of Australian Equivalents to International Financial Reporting Standards (AEIFRS)

Accounting Standard AASB 1047 *Disclosing the impact of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;

**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 2005

- a narrative explanation of the key differences in accounting policies arising from the transition; and
- information on known, reliably estimable impacts on the 2004-05 financial report had it been prepared under AEIFRS.

The purpose of this Note is to make these disclosures.

The Chief Financial Officer (CFO) of the RTIA is responsible for the implementation of AEIFRSs, and has been assisted by a working group in managing this task. The application of AEIFRS in 2005-06 has been reviewed by this team in detail and is expected to have no impact on RTIA's financial statements.

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 2005

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Note 5 - Revenue		
Grant refunds	337	-
Total Revenue	<u>337</u>	<u>-</u>
Note 6 - Grants		
Grants		
Non-profit institutions	-	5,056
State and Territory Governments	-	13,965
Local Governments	-	5,327
Total Grants	<u>-</u>	<u>24,348</u>
Note 7 - Write Down and Impairment of Assets		
Financial assets - receivables	125	160
Total Write Down and Impairment of Assets	<u>125</u>	<u>160</u>
Note 8 - Cash		
Cash	-	-
Total Cash	<u>-</u>	<u>-</u>
Note 9 - Receivables		
Appropriation receivable	36,285	36,065
Grant refunds	310	180
Less: Provision for doubtful debts	(310)	(172)
Total Receivables (net)	<u>36,285</u>	<u>36,073</u>
Receivables (gross) are aged as follows:		
Overdue by:		
less than 30 days	-	8
30-60 days	-	-
60-90 days	-	-
More than 90 days	36,595	36,237
Total Receivables (Gross)	<u>36,595</u>	<u>36,245</u>
Provision for doubtful debts (gross) are aged as follows:		
Overdue by:		
less than 30 days	-	-
30-60 days	-	-
60-90 days	-	-
More than 90 days	(310)	(172)
Total Provision for Doubtful Debts (Gross)	<u>(310)</u>	<u>(172)</u>
Note 10 - Prepayments		
Grants	303	303
Total Prepayments	<u>303</u>	<u>303</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 2005

Note 11 - Contingent Liabilities and Assets

Quantifiable Contingencies

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

Unquantifiable Contingencies

There are no unquantifiable contingencies at 30 June 2005 (2003-04: Nil).

Remote Contingencies

The Account reports contingent liabilities in respect of a request to rectify a contract to make an additional \$2.5m at 30 June 2005 (2004: \$2.5m) 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 2005

Note 12 - Equity
Table A: Analysis of Equity

Item	Accumulated results		Asset Revaluation Reserves		Contributed equity		Total equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance	36,376	60,884	-	-	-	-	36,376	60,884
Net surplus / deficit	212	(24,508)	-	-	-	-	212	(24,508)
Closing balance	36,588	36,376	-	-	-	-	36,588	36,376
Total equity attributable to the Commonwealth	36,588	36,376	-	-	-	-	36,588	36,376

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 2005

<u>Note 13 - Cash Flow Reconciliation</u>	2005	2004
	\$'000	\$'000
Reconciliation of Net Surplus to Net Cash from Operating Activities:		
Net Surplus (Deficit)	212	(24,508)
(Increase) / Decrease in Receivables	8	45
(Increase) / Decrease in Prepayments	-	6,098
<i>Net Cash from / (Used In) Operating Activities</i>	<u>220</u>	<u>(18,365)</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 2005

Note 14 - Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets:			
Cash	8	<i>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</i> Deposit is recognised at its nominal amount.	The balance of the cash account is non interest bearing.
Receivables	9	These receivables are recognised at the nominal amounts.	Credit terms are net 30 days (2003/2004: 30 days).
Financial Liabilities:			
		<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>	

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 2005

Note 14 - Financial Instruments

(b) Interest Rate Risk

	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate							
		Rate		1 to 2 years		1 to 5 years		> 5 years		2005		2004		2005		2004					
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	%	%				
Financial Assets		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000							
Cash	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a				
Receivables	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a				
Total Financial Assets (Recognised)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a				
Total Assets																		36,588	36,376		
Liabilities Unrecognised																					
Other liabilities	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Liabilities																				2,500	2,500

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 2005

Note 14 - Financial Instruments

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

	Note	2005		2004	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial Assets					
Cash	8	-	-	-	-
Receivables	9	36,285	36,285	36,073	36,073
Total Financial Assets (Recognised)		36,285	36,285	36,073	36,073
Liabilities Unrecognised					
Other liabilities	11	2,500	2,500	2,500	2,500
Total Financial Liabilities (Unrecognised)		2,500	2,500	2,500	2,500

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 2005

Note 15 - Receipts and Expenditure of the Special Account

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

	Cash		Investments		Total	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Opening amount available for appropriation	36,065,134	54,430,158	-	-	36,065,134	54,430,158
Plus: Other revenue credited during year	219,475	436,178	-	-	219,475	436,178
Receipts from realisation of investments	-	-	-	-	-	-
Adjustment for prior period reporting error	-	-	-	-	-	-
Total available for expenditure	36,284,609	54,866,336	-	-	36,284,609	54,866,336
Less: Payments made during the year	-	(18,801,202)	-	-	-	(18,801,202)
Closing amount available for appropriation	36,284,609	36,065,134	-	-	36,284,609	36,065,134