

Department of Broadband, Communications and the Digital Economy

Agency resources and planned performance

DBCDE Budget Statements

Department of Broadband, Communications and the Digital Economy

Section 1: Agency overview and resources	27
1.1 Strategic direction	27
1.2 Agency resource statement	31
1.3 Budget measures.....	33
Section 2: Outcomes and planned performance	36
2.1 Outcomes and performance information	36
Section 3: Explanatory tables and budgeted financial statements	41
3.1 Explanatory tables	44
3.2 Budgeted financial statements	44

Department of Broadband, Communications and the Digital Economy

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Department of Broadband, Communications and the Digital Economy (the Department) aims to develop a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

The Department provides strategic advice and support to the Australian Government on a wide range of significant and rapidly changing policy areas including:

- broadband;
- cyber-safety;
- post and telecommunications;
- spectrum management;
- broadcasting; and
- the national digital economy.

In performing its function, the Department aims to support and encourage world class communications infrastructure that is competitively priced, widely accessible, highly reliable, facilitates choice and is innovative.

The key results areas below, and particularly national broadband and communications, contribute towards the further development of the digital economy.

In 2008-09, the Department will deliver on five key result areas for Government.

1. The National Broadband Network

Access to high-speed broadband services is critical to Australia's future social and economic prosperity. In 2008-09, the Department will support the competitive assessment process for delivery of a National Broadband Network, to connect 98 per cent of Australian homes and businesses to a minimum of 12 megabits per second (mbps) high-speed broadband service. The Government has committed to contribute up to \$4.7 billion to the building of this network, which is expected to be rolled out progressively over a five year period. The Department will also advise

DBCDE Budget Statements

the Government on contractual and legislative arrangements for the network and will be involved in ongoing oversight of these arrangements.

The Government has allocated almost \$271 million over the next four years to continue the Australian Broadband Guarantee program until 2011-12. The program targets areas under-served by broadband while the National Broadband Network is being rolled out as well as the remaining two per cent of homes and businesses in the more remote parts of Australia.

In 2008-09, the Government will review options to further enhance broadband services to these remote areas.

2. Cyber-safety

The internet is an essential part of the Australian economy and a powerful resource for communication, interaction between communities, and learning. Due to its global reach and largely unregulated nature, however, there are evolving risks, particularly for children, associated with the internet.

In 2008-09, the Department will lead the implementation of the Government's comprehensive cyber-safety plan in collaboration with the Australian Communications and Media Authority (ACMA) and other government agencies. A priority will be to establish a Consultative Working Group and a Youth Advisory Group to consider issues of cyber-safety to guide future policy. Outreach activities, including practical guides for parents and teachers to increase awareness and education, and improved web sites to provide cyber-safety information, will be implemented with ACMA.

The Government's cyber-safety plan will include the provision of filtered services by internet service providers. The Department is working with ACMA to trial and implement internet filtering and expand the existing blacklist of prohibited internet content.

Law enforcement will be a major priority and with the assistance of the Australian Federal Police and the Commonwealth Director of Public Prosecutions, the Department will improve online help and reporting of content that is of concern and warrants investigation.

3. Transition to Digital Television

Most developed nations are converting television transmission infrastructure to digital and the global media industry is digitising its production. In March 2008, the Government announced a \$37.9 million digital transition strategy to complete the switchover from analogue to digital only broadcasting by December 2013. The analogue to digital switchover will affect just about every household and every television receiver in Australia.

Digital television will deliver substantial direct benefits for consumers, including better service quality, interactive features and greater viewing choices. Indirect benefits

will also be delivered through the realisation of the digital dividend – spectrum freed by the closure of analogue television transmission.

During 2008-09, the Department's Digital Switchover Taskforce will plan for and coordinate switchover requirements.

The Taskforce will work with key stakeholders including ACMA, who will undertake a number of technical switchover projects including an assessment of digital television transmission and reception throughout Australia. The Taskforce will also commission an evaluation of reception difficulties in multi unit dwellings that rely on communal television reception systems.

The Taskforce will work with the recently established Industry Advisory Group, which includes representatives from broadcasting, retail, manufacturing and housing agencies. The Industry Advisory Group will concentrate on a range of issues including the development of a detailed switchover timetable and the provision of reliable information to consumers when purchasing digital equipment.

The 'Digital Tracker' initiative in 2008-09 will assess six critical success criteria including public awareness of digital switchover, intention by households to convert and actual conversion rates.

4. Communications

Continuing to improve communication services particularly for those living and working in regional, rural and remote Australia will remain a priority for the Department in 2008-09.

In 2008-09, the Department will help to formulate and implement the Government response to the findings of the Regional Telecommunications Independent Review Committee.

The provision of additional community phones and internet related equipment and services in remote Indigenous communities to help address community safety and improve access to government and other services will be a key focus over the next 12 months.

The Department recognises that technical advances and growing consumer demand is providing both opportunities and challenges to radio-frequency spectrum regulation and management. Appropriate policy responses will provide for a more efficient Australian communications sector with higher levels of economy-wide productivity and improved consumer services resulting in improved international competitiveness.

The Department will encourage enhanced consumer representation in policy making that will stimulate innovation and competition and improve quality of services and prices.

DBCDE Budget Statements

Specific policies during 2008-09 include consideration of the reallocation of spectrum resulting from the digital switchover of analogue television services, the digital dividend and an appropriate approach to expiry of 15 year spectrum licences used primarily for mobile services. The Department, in conjunction with ACMA, will be conducting studies on both the potential quantum and value of the digital dividend and options to efficiently re-issue the spectrum licenses. These processes will include industry and community consultation.

The Department, in conjunction with ACMA, will continue to monitor Telstra's Next G network and Telstra's maintenance of its mobile telephone performance and coverage.

5. Broadcasting

The Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS) are important independent public institutions catering for a diversity of interests in the Australian community.

A priority for the Department during 2008 will be to conduct the triennial review of funding for the two national broadcasters leading up the 2009-10 Budget. In this context, following the deliberations of the 2020 Summit in April 2008, the Department will also undertake a wider examination of the future role of the national broadcasters in developing the economy and culture of the nation and in presenting Australia to the wider region.

The Department is also implementing the Government's election commitments to introduce an independent selection process for members of the ABC and SBS Boards.

Ongoing matters of significance will be to continue to monitor and advise on the operation of media ownership laws, the *Interactive Gambling Act 2001*, the operation and reform of the anti-siphoning scheme, the implementation of digital radio and to provide advice to the Government on broadcasting content issues, including the conduct of a public review of captioning standards.

The Department will release its 2008-2011 Strategic Plan in mid 2008. The plan will set out the direction of the Department for the next three financial years. The plan will also include a number of key reform initiatives aimed at improving departmental processes and performance.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: DBCDE resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior year amounts available in 2008-09 \$'000	Proposed at Budget 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs ¹	68,597	103,689	172,286	177,544
s31 Relevant agency receipts	-	1,050	1,050	641
Total	68,597	104,739	173,336	178,185
Administered expenses				
Outcome 1	16,610	209,110	225,720	256,364
Payment to CAC Act Bodies ²	-	1,049,539	1,049,539	1,022,564
Total	16,610	1,258,649	1,275,259	1,278,928
Total ordinary annual services	85,207	1,363,388	1,448,595	1,457,113
Other services				
Departmental non-operating				
Equity injections	-	303	303	147
Total	-	303	303	147
Administered non-operating				
Total	-	-	-	-
Payment to CAC Act bodies²		13,836	13,836	16,386
Total	-	13,836	13,836	16,386
Total other services	-	14,139	14,139	16,533
Total Available Annual Appropriations	85,207	1,377,527	1,462,734	1,473,646
Special Accounts				
Opening balance	138	-	138	2,087
Non-Appropriation receipts to Special Accounts	-	191,162	191,162	165,527
Total Special Account	138	191,162	191,300	167,614
Total resourcing	85,345	1,568,689	1,654,034	1,641,260
Less appropriations drawn from annual or special appropriations above and credited to special accounts and CAC Act bodies ² through annual appropriations	-	-1,063,375	- 1,063,375	-1,038,950
Total net resourcing for DBCDE	85,345	505,314	590,659	602,310

All figures are GST Exclusive

1. The total available departmental operating appropriation (outputs) will not be equal to the total of all outputs in the Outcome Budgets, for the reconciliation see table 3.1.1 Reconciliation of Total Available Appropriation and Outcome Budgets.
2. The 2007-08 figures for the CAC Act bodies are included for comparison purposes only. These amounts were not appropriated through the Department in 2007-08.

DBCDE Budget Statements

Third Party Drawdowns from and on behalf of other agencies in 2008-09

		\$'000
Payments made to other agencies for the provision of services (included in special account figures above)		317
Payments made to CAC Act bodies within the Portfolio		
Australian Broadcasting Corporation	Appropriation Bills (No. 1 and No. 2) 2008-09	869,661
Special Broadcasting Service Corporation	Appropriation Bills (No. 1 and No. 2) 2008-09	193,714

1.3 BUDGET MEASURES

Budget measures relating to the Department are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: DBCDE 2008-09 Budget measures

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures					
Responsible Economic Management					
- Australia Post Special Dividend					
	1.1				
		Administered revenues	150,000	-	-
		Total	150,000	-	-
Total revenue measures					
	Administered	150,000	-	-	-
	Total	150,000	-	-	-
Expense measures					
Australian Broadband Guarantee - extension					
	1.1				
		Administered expense	85,800	69,281	54,467
		Departmental outputs	3,904	6,672	5,383
		Total	89,704	75,953	59,850
Australian Music Radio Airplay Project					
	1.1				
		Administered expense	600	600	600
		Total	600	600	600
Clever Networks - additional funding for connecting rural independent Victorian schools ¹					
	1.1				
		Administered expense	3,468	-	-
		Total	3,468	-	-
Community Broadcasting National Training Program - continuation ²					
	1.1				
		Administered expense	-	-	-
		Total	-	-	-
Cyber-safety Plan					
	1.1				
		Administered expense	3,790	30,417	4,690
		Departmental outputs	3,553	2,098	1,864
		Total	7,343	32,515	6,554
Digital Radio - introduction extended					
	1.1				
		Administered expense	-5,842	4,829	-
		Total	-5,842	4,829	-
Digital Television Switchover - additional funding					
	1.1				
		Administered expense	6,669	-	-
		Departmental outputs	4,798	6,196	5,827
		Total	11,467	6,196	5,827

DBCDE Budget Statements

Table 1.2: DBCDE 2008-09 Budget measures (continued)

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
National Broadband Network	1.1				
- establishment and implementation ³					
Departmental outputs		5,176	449	453	459
Total		5,176	449	453	459
- roll-out ⁴	1.1				
Administered expense		nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp
National Security - critical infrastructure protection ⁵	1.1				
Departmental outputs		-	-	-	-
Total		-	-	-	-
Responsible Economic Management					
- Australia Connected - cancellation of the OPEL contract ⁶	1.1				
Administered expense		-633,700	-226,000	-	-
Departmental outputs		-501	-	-	-
Total		-634,201	-226,000	-	-
- Australia-China Free Trade Agreement - departmental funding ⁷	1.1				
Departmental outputs		-315	-	-	-
Total		-315	-	-	-
- Australia-Japan Free Trade Agreement - commencement of negotiations ⁸	1.1				
Departmental outputs		-108	-	-	-
Total		-108	-	-	-
- BroadbandNow ⁹	1.1				
Departmental outputs		-	-	-	-
Total		-	-	-	-
- Digital Action Plan ¹⁰	1.1				
Departmental outputs		-4,644	-4,917	-	-
Total		-4,644	-4,917	-	-
- Efficiency Dividend ¹¹	1.1				
Departmental outputs		-3,228	-3,501	-3,715	-3,715
Total		-3,228	-3,501	-3,715	-3,715
- Protecting Australian Families Online ¹²	1.1				
Administered expense		-30,259	-6,000	-	-
Departmental outputs		-2,483	-	-	-
Total		-32,742	-6,000	-	-
Television Blackspots	1.1				
Administered expense		850	-	-	-
Total		850	-	-	-
Total expense measures	Administered	-568,624	-126,873	59,757	45,428
	Departmental	6,152	6,997	9,812	7,562
	Total	-562,472	-119,876	69,569	52,990

Table 1.2: Agency 2008-09 Budget measures (continued)

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Capital measures					
Australian Broadband Guarantee - extension	1.1				
Departmental capital		275	-	-	-
Total		275	-	-	-
Total capital measures					
	Departmental	275	-	-	-
	Total	275	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

1. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title of *Clever Networks – additional funding for connecting independent Victorian schools*. This measure has a \$1.747m impact in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.
2. This measure involves funding of \$0.600m in 2008-09 to be met from within existing resourcing of the Department.
3. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title *National Broadband Network – departmental resourcing*. This measure has a \$2.112m impact in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.
4. 'nfp' = not for publication. This measure has been included in the Contingency Reserve.
5. The lead agency for this measure is the Attorney-General's Department. The full measure description and package details appear in Budget Paper No. 2 under the Attorney-General's Portfolio. Funding of \$1.270m will be provided to the Department in 2008-09. As a lapsing program, this funding was already included in the estimates, so it has no net budget impact.
6. This measure has a saving of \$99.117m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.
7. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title *Revision to measure – Australia-China Free Trade Agreement – continuation of negotiations*. This measure has a saving of \$0.156m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2. The lead agency for this measure is the Department of Foreign Affairs and Trade. The full measure description and package details appear in Budget Paper No. 2 under the Foreign Affairs and Trade Portfolio.
8. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title *Revision to measure – Australia-Japan Free Trade Agreement - commencement of negotiations*. The lead agency for this measure is the Department of Foreign Affairs and Trade. The full measure description and package details appear in Budget Paper No. 2 under the Foreign Affairs and Trade Portfolio.
9. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title of *Reversal of measure – Australia Connected – establishment of BroadbandNOW*. This measure has a saving of \$2.385m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.
10. This measure was previously published in the 2007-08 Portfolio Additional Estimates Statements under the title *Savings for reversal of Digital Action Plan*. This measure has a saving of \$2.098m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.
11. This measure was previously published as two separate measures in the 2007-08 Portfolio Additional Estimates Statements under the titles *Efficiency dividend – increase in the rate from 1 per cent to 1.25 per cent* and *Election Commitment Savings: 2 per cent Efficiency Dividend*. This measure has a saving of \$0.651m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2. These amounts include the efficiency dividend applicable to functions which transferred to other agencies following the Administrative Arrangement Order of 3 December 2007.
12. This measure has a saving of \$46.724m in 2007-08 (\$45.396m in administered expenses and \$1.328m in departmental expenses). For further details on the 2007-08 impact, see Budget Paper No. 2. The measure includes savings directed to the *Cyber-safety Plan*, *Digital Television Switchover* and *Clever Networks – additional funding for connecting rural independent Victorian schools* measures.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the Department in achieving government outcomes.

2.1.1 Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

Outcome 1 Strategy

The Department will contribute to the achievement of this outcome by:

1. supporting and encouraging the development of the digital economy by enabling world class broadband and communications services that are competitively priced, widely accessible and highly reliable;
2. funding investment in broadband and communications infrastructure to foster innovative, competitive and high quality service delivery including to regional, rural and remote communities;
3. delivering the plan to transition Australia from analogue to digital television by the end of 2013 through industry cooperation, consumer information and the mitigation of barriers to switchover;
4. implementing effective policies and regulation to maintain a vibrant broadcasting sector, including through support for the national broadcasters;
5. continuously improving cyber-safety by undertaking research and consultation to inform policy and deliver programs that will protect Australian internet users; and
6. encouraging enhanced consumer representation in policy making that will stimulate innovation and competition and improve quality of services and prices.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for Outcome 1.

Table 2.1: Total resources for Outcome 1

Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.		
Administered Items:		
ABC & SBS Digital Interference Scheme	100	8
Australian Broadband Guarantee	85,800	110,446
Community Broadcasting Foundation	8,607	7,941
Connect Australia	66,246	54,604
Cyber-safety	3,790	-
Digital Television Switchover	6,669	-
E-Security	1,079	1,435
ICT Centre of Excellence	27,338	26,849
International Organisations Contributions	4,978	5,163
National Transmission Network Residual Funding Pool	670	1,284
Protecting Australian Families Online	-	14,942
Regional Equalisation Plan	1,300	300
Regional Telecommunications Inquiry response	-	6,352
Telecommunications Action Plan for Remote Indigenous Communities	283	673
Telecommunications Consumer Representation and Research	800	924
Telecommunications Service Inquiry	-	350
Television Black Spots Program - Alternative Technical Solutions	600	4,741
Television Towers	850	-
Telstra Social Bonus 2	-	4,790
Departmental Outputs - Output 1.1		
Departmental Appropriations:	103,689	94,107
Revenues from other sources	1,520	1,111
Special Accounts ¹		
Opening balance	138	2,087
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	191,162	165,527
Subtotal for Output Group 1.1	505,619	503,634
Total resources for Outcome 1	505,619	503,634
	2008-09	2007-08
Average staffing level (number)	665	666

1. Further detail on Special Accounts can be found in Table 3.1.3.

Contributions to Outcome 1

Output Group 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.	
<p>Components of Output Group 1.1:</p> <ul style="list-style-type: none"> • ABC & SBS Digital Interference Scheme • Australian Broadband Guarantee • Communications Fund • Community Broadcasting Foundation • Connect Australia • Cyber-safety • Digital Switchover • E-Security • ICT Centre of Excellence • International Organisations Contributions • National Transmission Network Residual Funding Pool • Regional Equalisation Plan • Telecommunications Action Plan for Remote Indigenous Communities • Telecommunications Consumer Representation and Research • Television Black Spots Program - Alternative Technical Solutions • Television Towers 	
Key Performance Indicators	2008-09 Target
<p>The National Broadband Network</p> <p>Successful funding and establishment of the National Broadband Network.</p> <p>Equitable broadband coverage through the Australian Broadband Guarantee to areas not serviced by the National Broadband Network.</p>	<p>Planning, contractual and legislative arrangements to facilitate the broadband network are in place.</p> <p>Rollout of the National Broadband Network has commenced.</p> <p>Multiple service providers registered offering competitive services to under-served areas.</p> <p>Services offered are comparable to metropolitan areas of Australia.</p>

Key Performance Indicators	2008-09 Target
	<p>Consumers across rural and remote Australia are broadly aware of the Australian Broadband Guarantee services.</p> <p>Take-up of services is consistent with general consumer demand for broadband.</p>
<p>Cyber-safety</p> <p>Increased awareness, education and improved internet safety for all Australians.</p>	<p>A cyber-safety plan implemented in conjunction with ACMA and other relevant agencies.</p> <p>The Consultative Working Group and Youth Advisory Group are established and operate effectively.</p> <p>Cyber-safety research projects are identified and have commenced.</p> <p>An internet filtering live pilot is implemented.</p> <p>The existing blacklist of prohibited internet content is expanded in collaboration with ACMA.</p>
<p>Transition to Digital Television</p> <p>Transition to digital television by December 2013.</p>	<p>Develop a digital switchover timetable and strategy.</p> <p>Launch labelling information campaign to raise community awareness.</p> <p>Assist ACMA to undertake technical surveys of digital television and transmission. Commission an evaluation of reception difficulties in multi unit dwellings.</p> <p>Establish the 'Digital Tracker' quarterly surveys.</p>

DBCDE Budget Statements

Key Performance Indicators	2008-09 Target
<p>Communications</p> <p>Improved communication services to those living and working in regional, rural and remote Australia.</p> <p>Consumer representation in policy decisions is encouraged.</p> <p>Provision of policy options for spectrum management that delivers the digital dividend and encourages the growth of the digital economy.</p>	<p>Prepare the Government's response to the recommendations of the Regional Telecommunications Infrastructure Review Committee to maintain and improve communications in regional and remote areas.</p> <p>Progress opportunities for enhanced consumer representation.</p> <p>Prepare strategies for reallocation of spectrum following digital switchover.</p> <p>Prepare strategies for the re-issue of spectrum licences.</p> <p>Community and industry is consulted on spectrum issues.</p>
<p>Broadcasting</p> <p>Access to high quality radio and television services for all Australians.</p>	<p>Review triennial funding for the two national broadcasters for the 2009-10 Budget.</p> <p>Implement Independent Board member selection in accordance with Government commitments.</p> <p>Complete the public review of captioning standards.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements, which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental output levels is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	172,286
Less estimated payments in 2008-09	(100,152)
Estimated departmental outputs carried forward and available for 2009-10	<u>72,134</u>

3.1.2 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.2 shows the movement of administered funds approved since the 2007-08 Additional Estimates.

Table 3.1.2: Movement of administered funds between years

Movements of funding between years	\$'000
Movement of administered funds from 2007-08 to 2008-09	
Telecommunications Action Plan for Remote Indigenous Communities	283
Television Black Spots - Alternative Technical Solutions	750
Movement of administered funds from 2007-08 to 2009-10	
Connect Australia	5,172
Movement of administered funds from 2007-08 to 2010-11	
Connect Australia	4,882
Movement of administered funds from 2007-08 to 2015-16	
Regional Equalisation Plan	1,000
Movement of administered funds from 2009-10 to 2008-09	
Connect Australia	2,541

3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Department.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Communications Fund Special Account ⁴ -	1	-	190,820	190,820	-	-
s21 FMA Act ¹ and s158ZH TCPSS Act ² (A) ⁴		-	165,371	165,371	-	-
Federation Fund - DCITA Special Account - s20 FMA Act ¹ (A) ³	1	-	-	-	-	-
		1,806	-	1,806	-	-
International Aid Special Account - s20 FMA Act ¹ (D)	1	6	200	200	-	6
		165	14	173	-	6
Other Trust Monies Account - s20 FMA Act ¹ (D) (A)	1	132	142	102	-	172
		116	142	126	-	132
Total special accounts						
2008-09 Budget estimate		138	191,162	191,122	-	178
Total special accounts						
2007-08 estimated actual		2,087	165,527	167,476	-	138

(A) = Administered (D) = Departmental

1. FMA Act – *Financial Management and Accountability Act 1997*

2. TCPSS Act – *Telecommunications (Consumer Protection and Service Standards) Act 1999*

3. Projects under the Federation Fund Special Account have been completed and the residual funds are to be returned to the Official Public Account, pending closure of the Special Account.

4. Pending the development of legislation establishing the Building Australia Fund (BAF) and closing the Communications Fund, these Portfolio Budget Statements reflect the amounts currently held in the

Communications Fund. Following the establishment of the BAF, the amounts currently held in the Communications Fund, together with the associated interest flows, will be transferred to the new fund for investment in the National Broadband Network and regional telecommunications initiatives.

Further information is contained in Budget Paper No. 1 and Budget Paper No. 2.

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Output Group
	Bill	Bill	Special	Total			
	No. 1 \$'000	No. 2 \$'000	Approp \$'000	Approp \$'000			
Department of Broadband, Communications and the Digital Economy							
Outcome 1							
Administered 2008-09	12,546	-	-	12,546	-	12,546	1.1
<i>Administered 2007-08</i>	<i>3,125</i>	-	-	<i>3,125</i>	-	<i>3,125</i>	<i>1.1</i>
Total Outcome 2008-09	12,546	-	-	12,546	-	12,546	
<i>Total Outcome 2007-08</i>	<i>3,125</i>	-	-	<i>3,125</i>	-	<i>3,125</i>	
Total Administered 2008-09	12,546	-	-	12,546	-	12,546	
<i>Total Administered 2007-08</i>	<i>3,125</i>	-	-	<i>3,125</i>	-	<i>3,125</i>	
Total AGIE 2008-09	12,546	-	-	12,546	-	12,546	
<i>Total AGIE 2007-08</i>	<i>3,125</i>	-	-	<i>3,125</i>	-	<i>3,125</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS).

3.2.2 Analysis of budgeted financial statements

The Department of Broadband, Communications and the Digital Economy (the Department) was created by Administrative Arrangements Orders on 3 December 2007. The Department assumed some of the functions and programs formerly administered by the former Department of Communications, Information Technology and the Arts (DCITA). In order to provide a useful comparison of year-on-year estimates, the Financial Statements presented represent the estimates for the Department as if it operated its programs from 1 July 2007. That is, the 2007-08 estimates are an amalgamation of estimates for DCITA and the Department for those functions undertaken by the Department. Estimates for 2008-09 onwards are estimates for the Department.

Departmental financial statements

The fluctuation in the revenue from government figures in the Budgeted departmental income statement (Table 3.2.1) primarily reflects the measures for the Australian Broadband Guarantee, Cyber-safety Plan, Digital Television Switchover, and savings for Australian Connected - cancellation of the OPEL contract and Protecting Australian Families Online. These measures and savings also affect the appropriation trends in the Budgeted departmental statement of cash flows (Table 3.2.3).

The changes to employee expenses and supplier expenses in Table 3.2.1 are largely due to the effects of measures and the application of indexation and the efficiency dividend.

The increase in trade and other receivables in the Budgeted departmental balance sheet (Table 3.2.2) relates to appropriations receivable which reflect the increasing build up of funding for future capital works and employee leave entitlements such as long service leave. The decrease in infrastructure, plant and equipment reflects this increased accumulated depreciation and the increase in employee provisions reflects the increased employee leave entitlements.

The appropriation-contributed equity in 2008-09 in the Budgeted departmental statement of cash flows (Table 3.2.3) mainly reflects the Australian Broadband Guarantee capital injection (\$0.275m).

Administered financial statements

Table 3.2.5: Schedule of Administered Income and Expenses

The increasing level of interest revenue reflects the growing investment balance of the Communications Fund. The increased dividend revenue in 2008-09 reflects the special dividend to be paid by Australia Post.

The decline in Grants expenses after 2009-10 reflects the wind down of the Connect Australia, ICT Centre of Excellence and Cyber-safety programs.

The payments to portfolio CAC bodies commencing in 2008-09 reflects the revised appropriation structures whereby appropriations for Commonwealth companies and statutory authorities are paid through the portfolio department.

Table 3.2.7: Schedule of Administered Cash Flows

In the main, the estimates of cash flows reflect trends shown in the Schedule of Administered Income and Expenses. The increasing level of payments for investments reflects the growing level of interest received on investments of the Communications Fund being reinvested.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	94,107	103,689	99,075	90,898	89,086
Goods and services	566	1,050	1,050	1,050	1,050
Other	704	670	670	670	670
Total revenue	95,377	105,409	100,795	92,618	90,806
Gains					
Total gains	-	-	-	-	-
Total income	95,377	105,409	100,795	92,618	90,806
EXPENSE					
Employees	61,766	65,465	69,009	64,146	64,151
Suppliers	44,653	37,057	28,999	25,898	24,082
Depreciation and amortisation	2,827	2,851	2,747	2,540	2,539
Finance costs	83	36	32	26	26
Write-down of assets and impairment of assets	11	-	8	8	8
Other	942	-	-	-	-
Total expenses	110,282	105,409	100,795	92,618	90,806
Surplus (Deficit) before income tax	(14,905)	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	(14,905)	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,724	2,666	2,670	2,720	2,818
Trade and other Receivables	68,493	72,128	75,540	78,501	81,293
Other	13	13	13	13	13
Total financial assets	71,230	74,807	78,223	81,234	84,124
Non-financial assets					
Land and buildings	5,859	5,891	5,916	5,929	5,942
Infrastructure, plant and equipment	9,586	8,855	7,950	7,374	6,906
Inventories	47	47	47	47	47
Intangibles	1,661	1,731	1,799	1,864	1,929
Other	564	564	564	564	564
Total non-financial assets	17,717	17,088	16,276	15,778	15,388
Total assets	88,947	91,895	94,499	97,012	99,512
LIABILITIES					
Interest bearing liabilities					
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	15,312	17,900	20,498	22,995	25,495
Total provisions	15,312	17,900	20,498	22,995	25,495
Payables					
Suppliers	2,978	2,978	2,978	2,978	2,978
Other	5,001	5,058	5,048	5,048	5,048
Total payables	7,979	8,036	8,026	8,026	8,026
Total liabilities	23,291	25,936	28,524	31,021	33,521
Net assets	65,656	65,959	65,975	65,991	65,991

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	60,063	60,063	60,063	60,063	60,063
Reserves	5,593	5,593	5,593	5,593	5,593
Retained surpluses or accumulated deficits	-	303	319	335	335
Total parent entity interest	65,656	65,959	65,975	65,991	65,991
Minority interest					
Total minority interest	-	-	-	-	-
Total equity	65,656	65,959	65,975	65,991	65,991
Current assets	71,841	75,418	78,834	81,845	84,735
Non-current assets	17,106	16,477	15,665	15,167	14,777
Current liabilities	14,104	15,196	16,225	17,224	18,224
Non-current liabilities	9,187	10,740	12,299	13,797	15,297

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	566	1,050	1,042	1,042	1,042
Appropriations	109,090	100,054	95,663	87,937	86,294
Other	4,698	3,963	3,157	2,847	2,666
Total cash received	114,354	105,067	99,862	91,826	90,002
Cash used					
Employees	59,266	62,877	66,411	61,649	61,651
Suppliers	44,183	36,587	28,529	25,428	23,612
Grants	10	-	-	-	-
Borrowing costs	83	36	32	26	26
Other	7,753	3,706	2,967	2,647	2,466
Total cash used	111,295	103,206	97,939	89,750	87,755
Net cash from or (used by) operating activities	3,059	1,861	1,923	2,076	2,247
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	2,568	1,972	1,685	1,792	1,899
Other	638	250	250	250	250
Total cash used	3,206	2,222	1,935	2,042	2,149
Net cash from or (used by) investing activities	(3,206)	(2,222)	(1,935)	(2,042)	(2,149)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	147	303	16	16	-
Total cash received	147	303	16	16	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	147	303	16	16	-
Net increase or (decrease) in cash held	-	(58)	4	50	98
Cash at the beginning of the reporting period	2,724	2,724	2,666	2,670	2,720
Cash at the end of the reporting period	2,724	2,666	2,670	2,720	2,818

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	60,063	5,593	-	-	65,656
Adjusted opening balance	60,063	5,593	-	-	65,656
Income and expense					
Sub-total income and expense	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	303	303
Sub-total transactions with owners	-	-	-	303	303
Estimated closing balance as at 30 June 2009	60,063	5,593	-	303	65,959

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	163,472	190,820	205,248	220,656	237,222
Dividends	306,300	448,000	369,000	369,000	369,000
Other sources of non-taxation revenues	610	-	-	-	-
Total non-taxation	470,382	638,820	574,248	589,656	606,222
Total revenues administered on behalf of Government	470,382	638,820	574,248	589,656	606,222
Total income administered on behalf of Government	470,382	638,820	574,248	589,656	606,222
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	107,316	105,669	101,713	49,161	15,757
Subsidies	111,946	87,100	69,281	54,467	41,189
Suppliers	16,694	11,687	4,994	2,492	2,479
Payments to CAC Act bodies	-	1,063,375	1,074,812	1,098,191	1,119,915
Other	5,163	4,978	4,978	4,978	4,978
Total expenses administered on behalf of Government	241,119	1,272,809	1,255,778	1,209,289	1,184,318

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	5,466	5,466	5,466	5,466	5,466
Investments	5,701,102	5,905,434	6,113,097	6,336,331	6,576,305
Total financial assets	5,706,568	5,910,900	6,118,563	6,341,797	6,581,771
Non-financial assets					
Other	2,544	2,544	2,544	2,544	2,544
Total non-financial assets	2,544	2,544	2,544	2,544	2,544
Total assets administered on behalf of Government	5,709,112	5,913,444	6,121,107	6,344,341	6,584,315
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	4,805	4,805	4,805	4,805	4,805
Total interest bearing liabilities	4,805	4,805	4,805	4,805	4,805
Provisions					
Total provisions	-	-	-	-	-
Payables					
Subsidies	13,000	-	-	-	-
Total payables	13,000	-	-	-	-
Total liabilities administered on behalf of Government	17,805	4,805	4,805	4,805	4,805

Prepared on Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	165,371	190,820	205,248	220,656	237,222
Dividends	306,300	448,000	369,000	369,000	369,000
Net GST received	23,297	21,742	17,595	10,539	5,942
Other	610	-	-	-	-
Total cash received	495,578	660,562	591,843	600,195	612,164
Cash used					
Grant payments	109,570	105,669	101,713	49,161	15,757
Subsidies paid	108,599	100,100	69,281	54,467	41,189
Suppliers	16,739	11,687	4,994	2,492	2,479
Net GST paid	23,297	21,742	17,595	10,539	5,942
Payments to CAC Act bodies	-	1,063,375	1,074,812	1,098,191	1,119,915
Other	5,163	4,978	4,978	4,978	4,978
Total cash used	263,368	1,307,551	1,273,373	1,219,828	1,190,260
Net cash from or (used by) operating activities	232,210	(646,989)	(681,530)	(619,633)	(578,096)
INVESTING ACTIVITIES					
Cash received					
	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Investments	165,054	190,496	204,918	220,319	236,879
Total cash used	165,054	190,496	204,918	220,319	236,879
Net cash from or (used by) investing activities	(165,054)	(190,496)	(204,918)	(220,319)	(236,879)
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	23,297	21,742	17,595	10,539	5,942
Total cash received	23,297	21,742	17,595	10,539	5,942
Cash used					
Cash to Official Public Account	23,297	21,742	17,595	10,539	5,942
Total cash used	23,297	21,742	17,595	10,539	5,942
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held					
	67,156	(837,485)	(886,448)	(839,952)	(814,975)
Cash at beginning of reporting period	4	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	239,754	1,285,485	1,255,448	1,208,952	1,183,975
- Special accounts	1,806	-	-	-	-
Cash to Official Public Account for:					
- Other	308,720	448,000	369,000	369,000	369,000
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

The Department's financial statements have been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Appropriations in the accrual budgeting framework

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

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to state governments).

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each *Commonwealth Authority and Company (CAC) Act 1997* entity within their portfolio. These Administered investments are valued at the Commonwealth's ownership interest in the net assets of those CAC entities.