

**AUSTRALIAN
COMMUNICATIONS AND MEDIA
AUTHORITY**

AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY

Section 1: Agency overview

The Australian Communications and Media Authority (ACMA) is responsible for the regulation of broadcasting, radiocommunications, telecommunications and online content in accordance with:

- the *Broadcasting Services Act 1992*;
- the *Radiocommunications Act 1992*;
- the *Telecommunications Act 1997*; and
- other related legislation, including:
 - the *Do Not Call Register Act 2006*;
 - the *Spam Act 2003*;
 - the *Interactive Gambling Act 2001*; and
 - the *Telecommunications (Consumer Protection and Service Standards) Act 1999*.

ACMA's primary responsibilities are to:

- plan the availability of segments of radiofrequency spectrum bands used by broadcasting services (i.e. VHF/UHF analogue and digital television, FM and AM radio), and manage access to spectrum through broadcasting licence arrangements;
- manage access to other radiofrequency spectrum bands through radiocommunications licence arrangements, and resolve competing demands for spectrum through price-based allocation methods;
- investigate and help to resolve radiocommunications interference;
- licence telecommunications carriers;
- ensure the provision and maintenance of safeguards and standards to protect the users of communications products and services;
- regulate communications sector compliance with licence conditions, codes of practice, standards, service guarantees, telecommunications universal service requirements and other consumer safeguards;
- facilitate the provision of sufficient community information to enable informed decisions about communications products and services;
- administer legislative provisions regarding the installation and protection of submarine cables, and the powers and immunities of carriers in installing telecommunications facilities;
- regulate the transmission of unsolicited electronic messages (spam);

- report on telecommunications industry performance;
- administer the Telecommunications Numbering Plan;
- conduct research into community attitudes on broadcast programming matters;
- ensure compliance with the ownership and control provisions of the *Broadcasting Services Act 1992*, including cross-media rules;
- inform itself of technological advances and service trends in the communications sector; and
- represent Australia’s communications interests internationally.

1.1: SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by ACMA (outputs and administered policies, products and services) which contribute to the achievement of outcomes for ACMA are summarised in Table 1.1.

Table 1.1: Agency outcomes and output groups

| Outcome | Output |
|--|---|
| <p>Outcome 1 ACMA will provide a regulatory environment that supports an efficient communications sector</p> | <p>Output 1.1 Effective regulation of the communications industry</p> <p>Output 1.2 Planning and licensing of communications services</p> |
| <p>Outcome 2 ACMA will contribute to meeting the communications products and services needs of the Australian community by enabling an effective information, standards and safeguards regime</p> | <p>Output 2.1 Ensuring the provision of community standards and safeguards which reflect broad community expectations</p> <p>Output 2.2 Facilitating sufficient community information to enable informed decisions about communications products and services</p> |

Section 2: Agency resources for 2007-08

2.1: APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how revenue will be applied by outcome, administered and departmental classification. The total appropriation for ACMA in the 2007-08 Budget is \$102.688 million, including an equity injection of \$7.748 million and an administered special appropriation of \$0.500 million.

Table 2.1: Appropriations and other resources 2007-08 ('000)

| | Departmental | | | | Administered | | | | Total \$'000 | |
|--|---------------------------------------|---------------------------------------|------------------------------------|--------------------------|---------------------------------------|-----------------------------|---------------------|------------------------------------|-----------------|--------------------------|
| | Appropriation Bill No. 1 \$'000 | Appropriation Bill No. 2 \$'000 | Special Appropriation \$'000 | Revenue (a) \$'000 | Appropriation Bill No. 1 \$'000 | Appropriation SPP \$'000 | Other (b) \$'000 | Special Appropriation \$'000 | | Revenue (a) \$'000 |
| Outcome 1 | | | | | | | | | | |
| ACMA will provide a regulatory environment that supports an efficient communications sector | 63,607 | - | - | 1,280 | - | - | - | - | 50 | 64,937 |
| Outcome 2 | | | | | | | | | | |
| ACMA will contribute to meeting the communications products and services needs of the Australian community by enabling an effective information, standards and safeguards regime | 30,833 | - | - | 200 | - | - | 500 | 175,192 | - | 206,725 |
| Equity injections | - | 7,748 | - | - | - | - | - | - | - | 7,748 |
| Loans | - | - | - | - | - | - | - | - | - | - |
| Previous years' outputs | - | - | - | - | - | - | - | - | - | - |
| Administered assets and liabilities | - | - | - | - | - | - | - | - | - | - |
| Special capital appropriation | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 94,440 | 7,748 | - | 1,480 | - | - | 500 | 175,242 | - | 279,410 |

2.2: 2007-08 BUDGET MEASURES

Budget measures relating to ACMA as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Australian Communications and Media Authority measures

| Measure | Outcome | Output affected | Appropriations Budget 2007-08 (\$'000) | | Appropriations Forward Estimate 2008-09 (\$'000) | | | Appropriations Forward Estimate 2009-10 (\$'000) | | | Appropriations Forward Estimate 2010-11 (\$'000) | | | |
|---|---------|-----------------|--|--------------|--|------------|--------------|--|--------------|--------------|--|--------------|--------------|--------------|
| | | | Admin | Dept outputs | Total | Admin | Dept outputs | Total | Admin | Dept outputs | Total | Admin | Dept outputs | Total |
| Expense Measures | | | | | | | | | | | | | | |
| Australian Communications and Media Authority - additional funding ¹ | 1 | 1.1 | - | 3,544 | 3,544 | - | 3,471 | 3,471 | - | 3,007 | 3,007 | - | 2,637 | 2,637 |
| National Security - reducing national e-security risk ¹ | 1 | 1.1 | - | 1,310 | 1,310 | - | 1,179 | 1,179 | - | 1,135 | 1,135 | - | 1,074 | 1,074 |
| Total Expense Measures | | | - | 4,854 | 4,854 | - | 4,650 | 4,650 | - | 4,142 | 4,142 | - | 3,711 | 3,711 |
| Revenue Measures | | | | | | | | | | | | | | |
| Australian Communications and Media Authority - additional funding | 1 | 1.1 | - | - | - | 972 | - | 972 | 1,383 | - | 1,383 | 1,369 | - | 1,369 |
| Total Revenue Measures | | | - | - | - | 972 | - | 972 | 1,383 | - | 1,383 | 1,369 | - | 1,369 |
| Capital Measures | | | | | | | | | | | | | | |
| Australian Communications and Media Authority - additional funding | 1 | 1.1 | - | 7,200 | 7,200 | - | 3,051 | 3,051 | - | - | - | - | - | - |
| National Security - reducing national e-security risk | 1 | 1.1 | - | 210 | 210 | - | 143 | 143 | - | 96 | 96 | - | 75 | 75 |
| Total Capital Measures | | | - | 7,410 | 7,410 | - | 3,194 | 3,194 | - | 96 | 96 | - | 75 | 75 |
| The National Security - reducing national e-security risk measure is a cross-portfolio measure. The lead agency is the Attorney-General's Department. | | | | | | | | | | | | | | |

Notes:

¹ The appropriation amount is different to the impact on fiscal balance as shown in Budget Paper No. 2 due to depreciation being included in the appropriation amount.

2.3: OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of other resources obtained by ACMA for provision of goods or services. These resources are approved for use by ACMA and are included in Table 2.1.

Table 2.3: Other resources to be used

| | Estimated resources 2006-07 \$'000 | Budget estimate 2007-08 \$'000 |
|---|---|---|
| Departmental resources | | |
| Sale of goods and services <i>FMA Act 1997 s31</i> | 1,680 | 1,480 |
| Total departmental other resources available to be used | 1,680 | 1,480 |
| Administered other resources | | |
| Universal Service Levy <i>FMA Act 1997 s21 and TCPSS Act 1999 s21</i> | 58,358 | 53,689 |
| Universal Service - Notional Levy <i>FMA Act 1997 s21 and TCPSS Act 1999 s21</i> | 113,046 | 104,003 |
| National Relay Service Levy <i>FMA Act 1997 s21 and TCPSS Act 1999 s102</i> | 14,500 | 17,500 |
| Other Trust Moneys <i>FMA Act 1997 s20</i> | 56 | 50 |
| Total administered other resources available to be used | 185,960 | 175,242 |

2.4: MOVEMENT OF ADMINISTERED FUNDS

ACMA has no movement in administered funds from 2006-07 to 2007-08.

2.5: SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

| | Outcome | Estimated expenses 2006-07 \$'000 | Budget estimate 2007-08 \$'000 |
|--|---------|--|---|
| Estimated expenses | | | |
| Administered revenue refunds - <i>FMA Act 1997 s28 (A)</i> | 1 | 2,500 | 3,000 |
| Telecommunications consumer codes - <i>Telecom Act 1997 s136C(4) (A)</i> | 2 | - | 500 |
| Total estimated expenses | | 2,500 | 3,500 |

A = Administered

Notes:

The total expenses from special appropriations differs from the amounts disclosed in Table 2.1 and 3.1.1 because it includes appropriations for administered revenue refunds. In other tables, administered revenue refunds are netted off against administered revenue.

Acts Glossary:

FMA Act 1997 = *Financial Management and Accountability Act 1997*
Telecom Act 1997 = *Telecommunications Act 1997*

2.6: MOVEMENTS IN 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*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by ACMA.

Table 2.6: Estimates of Special Account cash flows and balances

| Special Account | Outcome | Opening balance | Credits | Debits | Adjustments | Closing balance |
|--|---------|-----------------|---------------|---------------|-------------|-----------------|
| | | 2007-08 | 2007-08 | 2007-08 | 2007-08 | 2007-08 |
| | | 2006-07 | 2006-07 | 2006-07 | 2006-07 | 2006-07 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Universal Service Account - <i>FMA Act 1997 s21 and TCPSS Act 1999 s21 (A)</i> | 2 | - | 53,689 | 53,689 | - | - |
| National Relay Service Account - <i>FMA Act 1997 s21 and TCPSS Act 1999 s102 (A)</i> | 2 | 990 | 58,358 | 59,348 | - | - |
| Other Trust Moneys - <i>FMA Act 1997 s20 (A)</i> | 1 | - | 17,500 | 17,500 | - | - |
| | | - | 14,500 | 14,500 | - | - |
| | | - | 50 | 50 | - | - |
| | | 6 | 50 | 56 | - | - |
| Total 2007-08 Budget estimate | | - | 71,239 | 71,239 | - | - |
| <i>Total 2006-07 estimated actual</i> | | 996 | 72,908 | 73,904 | - | - |

A = Administered

Acts Glossary:

FMA Act 1997 = *Financial Management and Accountability Act 1997*

TCPSS Act 1999 = *Telecommunications (Consumer Protection and Service Standards) Act 1999*

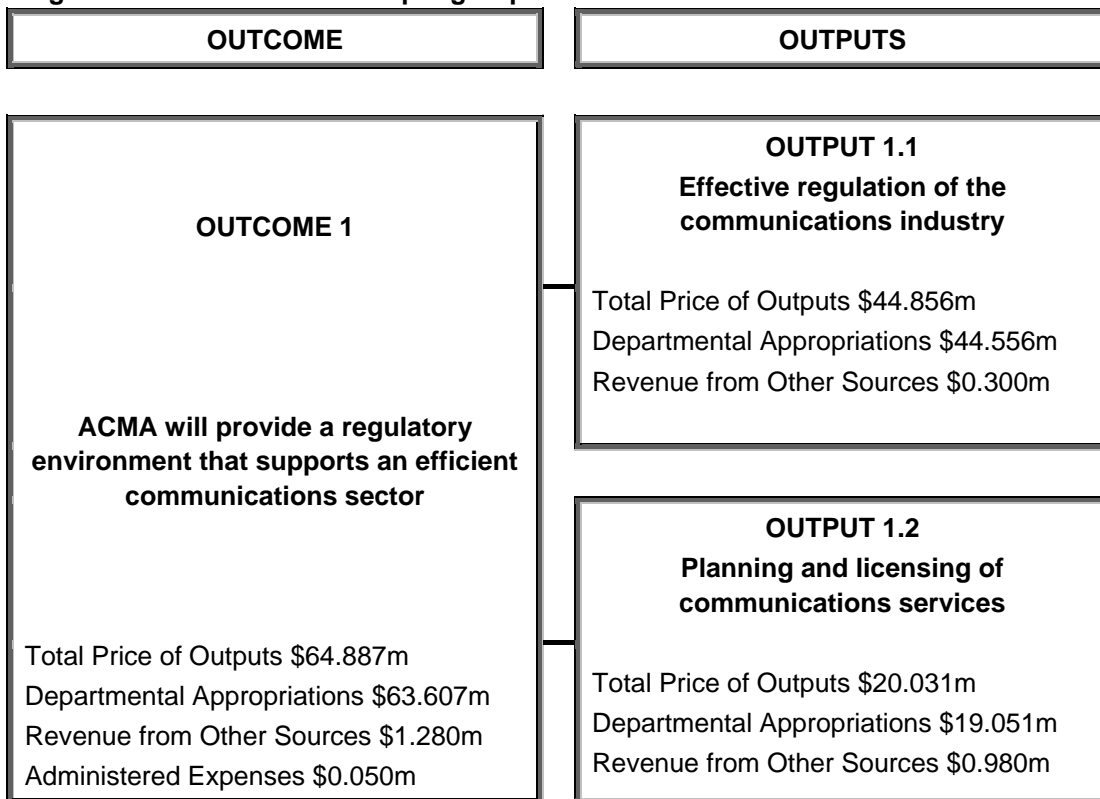
Section 3: Agency outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programs on behalf of the Government (administered items). This section summarises how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the two outcomes for ACMA.

The activities undertaken by ACMA to produce the outputs listed below reflect the objects and regulatory policy set out in the *Broadcasting Services Act 1992*, the *Radiocommunications Act 1992*, the *Telecommunications Act 1997*, other related legislation and ministerial directions as to government policy.

SUMMARY OF OUTCOME 1

Figure 4.1: Outcomes and output groups



Note: Revenue from Government (Appropriations) contributes 98.0% to the Total Price of Outputs for Outcome 1.

OUTCOME 1 – DESCRIPTION

ACMA will provide a regulatory environment that supports an efficient communications sector.

ACMA will contribute to the achievement of this outcome by:

- providing a regulatory framework that effectively allocates and licences communications while ensuring that public interest objectives are met;
- ensuring that the framework responds promptly and flexibly to emerging challenges, such as those arising from technological developments and the growth of emerging services;
- fostering industry compliance with, and contribution to, the regulatory framework without imposing undue financial or administrative burden; and
- promoting a communications sector that is diverse, innovative, competitive and responsive to the needs of the Australian community.

OUTCOME 1 - RESOURCING

Outcome 1 resourcing

Table 3.1.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), other resources available to be used and the total price of outputs.

Table 3.1.1: Total resources for Outcome 1 (\$'000)

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 |
|---|--|---|
| Special Accounts | | |
| Other Trust Moneys | 56 | 50 |
| Total administered expenses | 56 | 50 |
| Departmental appropriations | | |
| Output 1.1 - Effective regulation of the communications industry | 38,581 | 44,556 |
| Output 1.2 - Planning and licensing of communications services | 15,688 | 19,051 |
| Total revenue from government (appropriations) | 54,269 | 63,607 |
| Contributing to price of departmental outputs | 97.70% | 98.03% |
| Other resources available to be used | | |
| Output 1.1 - Effective regulation of the communications industry | 300 | 300 |
| Output 1.2 - Planning and licensing of communications services | 980 | 980 |
| Total other resources available to be used | 1,280 | 1,280 |
| Total price from departmental outputs | 55,549 | 64,887 |
| (Total revenue from government and from other sources) | | |
| Total estimated resourcing for Outcome 1 (Total price of outputs and administered expenses) | 55,605 | 64,937 |
| | 2006-07 | 2007-08 |
| Average staffing level (number) | 390 | 420 |

Contributions to achievement of Outcome 1

Administered Activities

Other Trust Moneys Special Account – primarily used to facilitate the submission of applications to the International Telecommunication Union (ITU) for establishment of satellite networks.

Departmental Outputs

Output 1.1 – Effective regulation of the communications industry

ACMA administers statutory regulatory requirements applicable to the communications sector, monitors compliance with those requirements and takes appropriate regulatory action (e.g. breach investigations or enforcement action) as appropriate.

Output 1.2 – Planning and licensing of communications services

ACMA manages the efficient planning, allocation and use of national resources such as radiofrequency spectrum, telecommunications numbering and telecommunications infrastructure.

ACMA licences new broadcasting and datacasting services and plans and licences a range of services using the broadcasting services bands of the radiofrequency spectrum. ACMA performs planning activities to meet current and anticipated demands for access to other spectrum bands, and develops policies and legislative instruments to underpin licensing and market-based allocation frameworks for those bands.

The agency also manages telecommunications carrier licensing, nominated carrier declaration and trial certificate frameworks.

PERFORMANCE INFORMATION AND INDICATORS

Performance information for Outcome 1

Table 3.2.1: Performance information for Outcome 1

| Measures / Indicators / Target | Performance information 2007-08 Budget |
|---|--|
| Effectiveness - Overall achievement of the Outcome | |
| ACMA will provide a regulatory environment that supports an efficient communications sector | <p>An effective regulatory environment that supports a dynamic communications sector and enables industry to meet the communications needs of the community. Efficient planning, allocation and use of national resources such as radiofrequency spectrum, telecommunications numbering and telecommunications infrastructure.</p> <p>Industry contributes to, and complies with, the regulatory framework without being subject to undue financial or administrative burden.</p> <p>Levels of industry compliance with the regulatory framework as assessed by breaches and recurrent breaches of legislation, codes, standards and licence conditions.</p> <p>The cost of ACMA's regulatory activities is minimised to the extent possible.</p> |
| Performance Information for Administered Items under Outcome 1 | |
| International Telecommunication Union (ITU) | Applications for the establishment of satellite networks are submitted to the ITU on behalf of satellite operators in accordance with the deed of arrangement. |
| Performance information for Departmental Output 1.1 | |
| Effective regulation of the communications industry | <p>Quality</p> <p>The regulatory framework supports an efficient communications sector while ensuring that public interest objectives are met.</p> <p>The provision of services is not unnecessarily impeded by regulation, or regulatory activities.</p> <p>Industry complies with the regulatory framework, with ACMA taking timely and appropriate enforcement action where required.</p> <p>Industry feedback indicates industry acceptance of, and compliance with, the regulatory framework.</p> <p>ACMA undertakes research and stakeholder consultation to maintain an informed understanding of the regulatory implications of industry, technology and service developments.</p> <p>Quantity</p> <p>For each of the following activities, the number of applications received and the proportion dealt with within applicable timeframes:</p> <ul style="list-style-type: none"> - on-line content, telemarketing and broadcasting code complaints - applications for an opinion on control or temporary approval of a breach of the <i>Broadcasting Services Act 1997</i> - codes investigations - radiocommunications interference complaints related to safety of life issues. <p>The minimisation of breaches and recurrent breaches of legislation, codes, standards and licence conditions.</p> <p>Price</p> <p>\$44.856m</p> |

Table 3.2.1: Performance information for Outcome 1 (continued)

| Measures / Indicators / Target | Performance information 2007-08 Budget |
|--|---|
| Performance information for Departmental Output 1.2 | |
| Planning and licensing of communications services | <p>Quality Planning activities are undertaken in a consultative manner to maximise the extent to which they take into account stakeholder concerns. Planned services are spectrum efficient and useable. Price-based spectrum allocations are completed within six months of the Minister determining competition rules. Spectrum planning mechanisms meet the needs of ACMA clients and conform to International Telecommunication Union and international treaty obligations. Participation in international fora represents Australia's interests effectively and strengthens regional harmonisation outcomes.</p> <p>Quantity The number of licensing and numbering transaction applications received, and the proportion dealt with within applicable timeframes. The extent of spectrum licensed through class licensing. The level of marketplace contestability, as measured by the ratio of frequency assignments conducted by ACMA, relative to external accredited frequency assigners. The timing by which spectrum is made available for new applications and services in Australia, relative to other comparable countries.</p> <p>Price \$20.031m</p> |

EVALUATIONS FOR OUTCOME 1

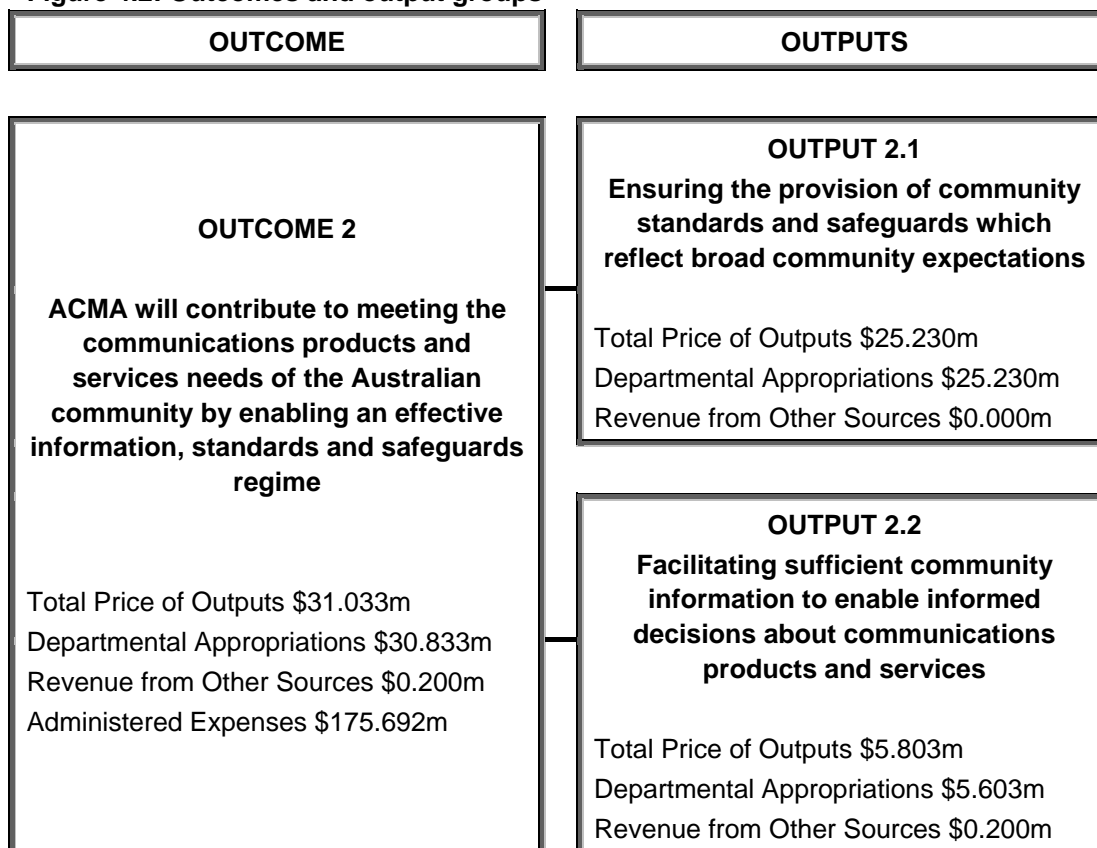
Throughout 2007-08, ACMA will monitor and review the delivery of its outputs on an ongoing basis to:

- ensure that the allocation of resources within the agency is consistent with the goals and strategies set out in the ACMA Corporate Plan and divisional and branch business plans; and
- identify operational efficiencies wherever possible.

Information on other output-specific evaluation activities is included in Table 3.2.1. The results of these activities will be presented in ACMA's 2007-08 Annual Report.

SUMMARY OF OUTCOME 2

Figure 4.2: Outcomes and output groups



Note: Revenue from Government (Appropriations) contributes 99.4% to the Total Price of Outputs for Outcome 2.

OUTCOME 2 – DESCRIPTION

ACMA will contribute to meeting the communications products and services needs of the Australian community by enabling an effective information, standards and safeguards regime

ACMA will contribute to the achievement of this outcome by:

- ensuring the effectiveness of statutory consumer safeguards;
- enabling and encouraging the development, implementation and maintenance of standards and safeguards that consider appropriate community interest criteria;
- promoting a communications sector that is respectful of community standards and diligent in responding to community complaints;
- ensuring that the community is well informed about communications matters; and
- undertaking research and consultation to maximise the extent to which the information, standards and safeguards regime addresses the broad concerns of the community.

OUTCOME 2 – RESOURCING

Outcome 2 resourcing

Table 3.1.2 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 2, including revenue from government (appropriation), other resources available to be used and the total price of outputs.

Table 3.1.2: Total resources for Outcome 2 (\$'000)

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 |
|---|--|---|
| Administered special appropriations | | |
| Telecommunications - consumer codes | - | 500 |
| Total administered special appropriations | - | 500 |
| Special Accounts | | |
| Universal Service Levy | 59,348 | 53,689 |
| National Relay Service Levy | 14,500 | 17,500 |
| Expenses not funded by appropriations | | |
| Universal Service Levy - notional expenses | 113,046 | 104,003 |
| Total administered expenses | 186,894 | 175,692 |
| Departmental appropriations | | |
| Output 2.1 - Ensuring the provision of community standards and safeguards which reflect broad community expectations | 18,105 | 25,230 |
| Output 2.2 - Facilitating sufficient community information to enable informed decisions about communications products and services | 5,416 | 5,603 |
| Total revenue from government (appropriations) | 23,521 | 30,833 |
| Contributing to price of departmental outputs | 98.33% | 99.36% |
| Other resources available to be used | | |
| Output 2.1 - Ensuring the provision of community standards and safeguards which reflect broad community expectations | - | - |
| Output 2.2 - Facilitating sufficient community information to enable informed decisions about communications products and services | 400 | 200 |
| Total other resources available to be used | 400 | 200 |
| Total price from departmental outputs (Total revenue from government and from other sources) | 23,921 | 31,033 |
| Total estimated resourcing for Outcome 2 (Total price of outputs and administered expenses) | 210,815 | 206,725 |
| | 2006-07 | 2007-08 |
| Average staffing level (number) | 130 | 140 |

Contributions to achievement of Outcome 2

Administered Activities

Telecommunications Consumer Codes – provides funding for the development of consumer codes by participants within the telecommunications industry.

Universal Service Levy – provides funding for the Universal Service Obligation (USO) subsidy. All telecommunication carriers contribute proportionally to the subsidy amount which is paid to universal service providers to ensure that standard telephone services, payphones and prescribed carriage services are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on a business.

National Relay Service Levy – provides funding for the National Relay Service (NRS) contract. The funds are paid to NRS service providers to assist people with a communication impairment to access a telephone service equivalent to the standard telephone service available to all Australians.

Departmental Outputs

Output 2.1 – Ensuring the provision of community standards and safeguards which reflect broad community expectations

ACMA monitors and reports on the performance of the telecommunications industry in the delivery of services to consumers and small businesses. It also ensures industry compliance with statutory consumer safeguards such as the universal service regime, the Customer Service Guarantee Standard, the Network Reliability Framework, the National Relay Service and priority assistance arrangements.

ACMA promotes telecommunications industry self-regulation under the framework set out in the *Telecommunications Act 1997*. ACMA contributes to, registers and encourages compliance with, industry codes developed under the framework to address consumer protection issues, including protection from unsolicited telemarketing calls. ACMA also ensures compliance with requirements under the *Telecommunications (Consumer Protection and Service Standards) Act 1999* for telecommunications carriers and carriage service providers to join and comply with the Telecommunications Industry Ombudsman Scheme, applying legislative enforcement powers where appropriate.

ACMA assists broadcasting service providers to develop codes of practice for program content under the framework set out in the *Broadcasting Services Act 1992* and ensures that the codes adequately reflect community concerns through code reviews.

Output 2.2 – Facilitating sufficient community information to enable informed decisions about communications products and services

ACMA reports quarterly on telecommunications industry performance against a range of telephone service levels. It also reports annually on telecommunications industry compliance levels, self-regulatory activities and service efficiency and adequacy and annually on broadcasting financial results.

ACMA produces, and widely distributes, a monthly newsletter targeted to a broad industry and consumer audience. It publishes a comprehensive range of general and topic-specific consumer information via its website, undertakes targeted information campaigns on important communications topics, through various media, and works with other organisations on consumer protection campaigns.

ACMA encourages the communications sector to provide sufficient information about new services, and changes to existing services, to enable consumers to make informed decisions.

PERFORMANCE INFORMATION AND INDICATORS

Performance information for Outcome 2

Table 3.2.2: Performance information for Outcome 2

| Measures / Indicators / Target | Performance information 2007-08 Budget |
|--|---|
| Effectiveness - Overall achievement of the Outcome | |
| ACMA will contribute to meeting the communications products and services needs of the Australian community by enabling an effective information, standards and safeguards regime | The community has access to sufficient information to enable it to make informed decisions about communications products and services. Effective community safeguards are implemented and maintained. Research is undertaken, and stakeholders engaged, to maximise the extent to which information, standards and safeguards address the broad concerns of the community. |
| Performance Information for Administered Items under Outcome 2 | |
| Telecommunications Consumer Codes | Consumer codes developed for ACMA registration under Part 6 of the Telecommunications Act by industry bodies are supported by financing arrangements funded from carrier license charges. |
| Universal Service Levy | Effective universal service provision is maintained through the monitoring, costing and payment arrangements for the universal service obligation. |
| National Relay Service Levy | Effective service provision is maintained through the monitoring, costing and payment arrangements for the National Relay Service. |
| Performance Information for Departmental Output 2.1 | |
| Ensuring the provision of community standards and safeguards which reflect broad community expectations | <p>Quality Industry is supported in the development of community standards and safeguards that consider appropriate public interest criteria. Service monitoring assesses improvements in network reliability, measures adherence to statutory consumer safeguards and the availability and performance of telecommunications services throughout Australia. Ongoing research and stakeholder consultation is undertaken to maintain an informed understanding of the community's needs and expectations.</p> <p>Quantity The number of consumer codes and technical standards submitted for registration, and the proportion considered by the Authority within reasonable timeframes. The number of occasional papers and reports produced reflects the resources deployed and meets stakeholder expectations in terms of timeliness and relevance.</p> <p>Price \$25.230m</p> |

Table 3.2.2: Performance information for Outcome 2 (continued)

| Measures / Indicators / Target | Performance information 2007-08 Budget |
|---|---|
| Performance Information for Departmental Output 2.2 | |
| Facilitating sufficient community information to enable informed decisions about communications products and services | <p>Quality Consumer information strategies are well targeted and effective. The extent to which industry meets consumer safeguard requirements for the provision of information to consumers. Improved distribution arrangements for information products and education programs results in increased community coverage.</p> <p>Quantity The number and nature of information products and education programs undertaken directly, or facilitated, by ACMA.</p> <p>Price \$5.803m</p> |

EVALUATIONS FOR OUTCOME 2

Throughout 2007-08, ACMA will monitor and review the delivery of its outputs on an ongoing basis to:

- ensure that the allocation of resources within the agency is consistent with the goals and strategies set out in the ACMA Corporate Plan and divisional and branch business plans; and
- identify operational efficiencies wherever possible.

Information on other output-specific evaluation activities is included in Table 3.2.2. The results of these activities will be presented in ACMA's 2007-08 Annual Report.

Section 4: Other reporting requirements

4.1: PURCHASER-PROVIDER ARRANGEMENTS

ACMA does not have any purchaser-provider arrangements in place.

4.2: COST RECOVERY ARRANGEMENTS

During 2006-07 ACMA reviewed its existing regulatory and information activities to assess the ongoing requirement for the activity and the appropriateness of the current level and application of fees and charges. The review was conducted in accordance with the Australian Government Cost Recovery Guidelines and the Competitive Neutrality Guidelines.

Summary of cost recovery impact statements

The following is a summary of the Cost Recovery Impact Statement that was developed in 2006-07.

Review of ACMA products and services

ACMA reviewed all of its existing fees and charges in 2006, and identified additional services and products that could potentially be cost recovered, the type of charges that should apply and who should pay. The review also considered whether particular activities should be excluded from cost recovery because the services are more appropriately funded through general taxation, or because the policy objectives for a particular activity were inconsistent with charging a fee for service or a levy.

Outcomes

The outcomes of the review established three specific groups of charges:

- activities that are recommended for the introduction of cost recovery because they fall within the scope of the Cost Recovery Guidelines;
- activities recommended for formal exclusion from cost recovery fees and charges; and
- updates of existing fees and charges to reflect the current costs of service provision by ACMA.

The review concluded that fees and charges should be applied to all services provided by ACMA under the *Telecommunications Act 1997*, the *Broadcasting Services Act 1992* and the *Radiocommunications Act 1992* where consistent with ACMA's powers under section 60 of the *Australian Communications and Media Authority Act 2005* to make determinations fixing charges for services provided by ACMA.

The review identified a range of activities where it was not considered appropriate to recover costs. The activities excluded from cost recovery arrangements were excluded on the basis that:

- to charge would be inconsistent with the policy objectives identified for the activity, where there is a strong policy or public benefit from the activity being undertaken.
- where it is not possible to identify a distinct group of beneficiaries for an activity that would allow a fee for service or a levy to be developed. This includes aspects of ACMA's

broadcasting investigations activities which are triggered by complaints and where to introduce charging would introduce a disincentive for initiating a compliance investigation.

- where activities are subject to taxation arrangements or where the pricing for the provision of a product or service is established under auction arrangements, as is the case for specific aspects of ACMA's numbering and spectrum allocation activities.

Application of the cost recovery policy to ACMA's regulatory and information activities has identified a need to update a range of existing fees and charges to ensure that they reflect the full and current costs of ACMA providing a service.

Calculation of costs

ACMA has adopted an activity based costing (ABC) methodology to determine the costs of telecommunications, spectrum management and broadcasting regulatory functions undertaken by the ACMA as a basis for determining charges.

The costs of service provision by ACMA are determined using an annual net cost of service expense model to fully distribute costs across ACMA's identified activities and outputs, excluding any non-appropriated revenue. All direct, indirect and capital costs are considered in determining the net cost of service.

Legislative authority for charges

Section 60 of the *Australian Communications and Media Authority Act 2005* (the ACMA Act), provides that ACMA may, by written instrument make determinations fixing charges for services provided by the ACMA and in relation to any matter in which expenses are incurred by ACMA under this Act, the *Telecommunications Act 1997*, the *Telecommunications (Consumer Protection and Service Standards) Act 1999*, the *Radiocommunications Act 1992* and the *Broadcasting Services Act 1992*.

In addition, charging arrangements are also established under separate legislation for the Do Not Call Register scheme (the *Do Not Call Register Act 2006*) and complaints investigation functions under the Postal Industry Ombudsman Scheme established under the *Postal Industry Ombudsman Act 2006*.

Summary financial information

Cost recovery revenue accounted for approximately 7 per cent of the total income which ACMA managed in 2005-06. ACMA received \$54.75 million in revenue in 2005-06 generated from cost recovered activities. The telecommunications carrier licence charge and spectrum management component of the radio spectrum management tax generated over 90 per cent of ACMA's cost recovered revenue in 2005-06.

Implementation of the revised fees and charges is estimated to generate revenue of \$54.78 million in 2006-07, compared with revenue for the 2005-06 year of \$54.75 million.

Monitoring and Periodic Review

During the life of this CRIS, ACMA will undertake an annual review of fees and charges for the following charges where annual reviews are specified under legislation. These include:

- the telecommunications annual carrier licence charge;
- the annual spectrum management tax component of assigned and non-assigned radiocommunications licences; and

- annual numbering charge.

ACMA intends to conduct a full review of its costs and prices of its activities periodically, and consult stakeholders on the outcomes of these review processes.

If in the next five years there is a significant change in ACMA's responsibilities and activities, then a review of cost recovery arrangements will be conducted for the relevant activities and a cost recovery impact statement produced in accordance with the policy.

Stakeholder consultation

ACMA consulted with telecommunications carriers and carriage service providers, broadcasters, radiocommunications licencees and industry associations during December 2006 and January 2007 on the updates to existing fees and charges covering telecommunications, radiocommunications and broadcasting activities. ACMA issued a media release and discussion paper for comment on 22 December 2006 and called for comments. The discussion paper was also published on ACMA's website. Separately, approximately 500 of the major radiocommunications licencees, over 100 telecommunications carriers and carriage service providers were contacted to seek comments on the proposed fee and charges updates.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the primary causes of movements in the budgeted ACMA financial statements and administered schedules is provided below. The 2006-07 estimated actual results are used as the comparative year in the analysis.

Departmental Income Statement

ACMA is budgeting to incur an approved loss of \$0.049m in 2007-08. The loss relates to depreciation and timing differences associated with the recognition of expenses which were funded by appropriations in prior years. Total revenue is estimated to be \$95.920m and expenses are estimated to be \$95.969m. This represents an increase in revenue of \$16.451m and an increase in expenses of \$19.100m from the 2006-07 estimated actual results.

The increase in revenue is primarily due to:

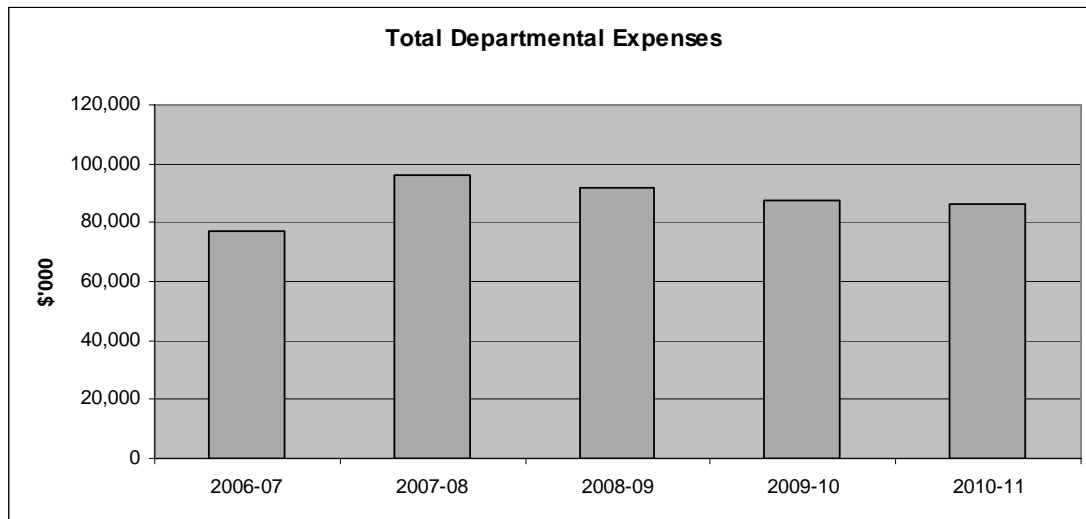
- an increase of \$4.854m as a result of new measures announced in the 2007-08 Budget;
- an increase of \$9.618m associated with prior year measures; and
- a decrease of \$0.200m in revenue from independent sources.

The increase in expenses is primarily due to:

- an increase of \$4.854m as a result of new measures announced in the 2007-08 Budget;
- an increase of \$9.618m associated with prior year measures; and
- an increase of \$4.628m in other operating expenses.

The 2006-07 estimated actual expenses of \$76.869m represents a decrease of \$9.492m from the budgeted expenses in the 2006-07 additional estimates statements. The decrease includes \$4.300m which was provided for the establishment of the Do Not Call Register which will subsequently be returned to the government and \$5.192m associated with delays in expenditure of a one-off nature.

The following chart shows the trend in ACMA expenses over the forward estimates period. The variations in expenses primarily relate to the funding patterns associated with government measures and the application of economic parameters to the expense estimates.



Balance Sheet

The budgeted net asset position for 2007-08 of \$43.706m represents an increase of \$7.699m from the 2006-07 estimated actual. The increase is primarily due to an equity injection.

The structure of the agency's balance sheet is typical of an organisation where the key attributes are its employees, computer software (included in intangibles), computer hardware (included in infrastructure, plant and equipment) and leasehold fit-outs. The IT platform is an intrinsic component of the successful operations of the agency.

Administered

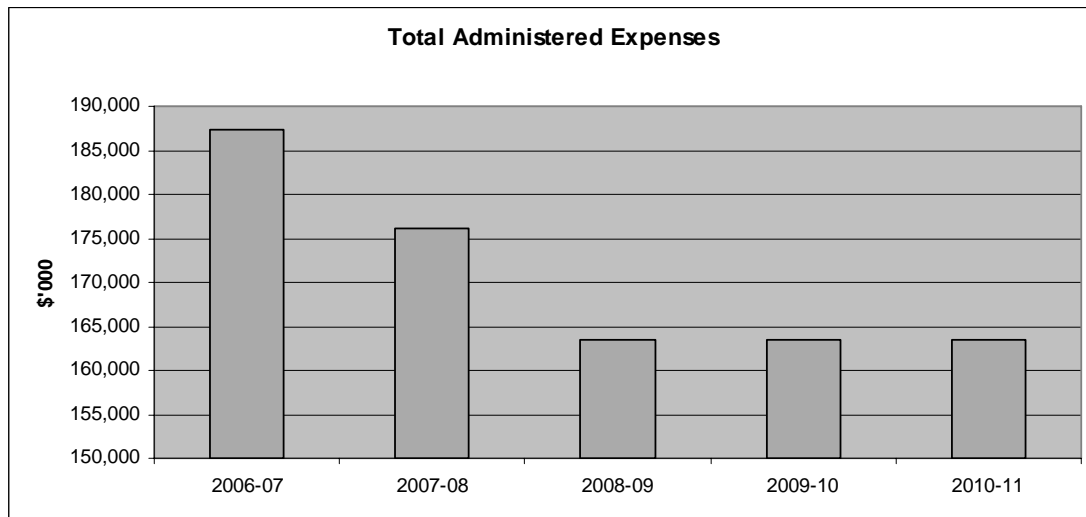
Revenues and Expenses

It is estimated that ACMA will receive non-appropriation revenue on behalf of the Government of \$703.387m, an increase of \$7.906m from the 2006-07 estimated actual. The change is primarily due to:

- an increase of \$12.870m in broadcasting licence fees;
- an increase of \$1.312m in radiocommunication charges;
- an increase of \$0.715m in telecommunication charges
- an increase of \$6.711m in the National Relay Service Levy; and
- a decrease of \$13.712m in the Universal Service Levy.

Administered expenses are estimated to be \$176.062m, a decrease of \$11.208m from the 2006-07 estimated actual. The change is due to a reduction of \$14.702m in the Universal Service Levy offset by an increase in expenses of \$3.000m for the National Relay Service and \$0.500m for the development of consumer codes for the telecommunications industry.

The following chart shows the trend in administered expenses over the forward estimates period. The decrease in the forward estimates is primarily due to decreases in the Universal Service Levy.



Assets and Liabilities

Administered assets as at 30 June 2008 are estimated to be \$330.768m, an increase of \$12.689m from the 2006-07 estimated actual. The change is primarily due to an increase in accrued revenue.

Administered liabilities as at 30 June 2008 are estimated to be \$3.186m, which is the same as the 2006-07 estimated actual.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

For an explanation of the Budgeted Financial Statements tables, please see the User Guide.

Table 5.1: Budgeted departmental income statement for the period ended 30 June

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| INCOME | | | | | |
| Revenues | | | | | |
| Revenues from Government | 77,789 | 94,440 | 90,154 | 86,105 | 84,990 |
| Goods and services | 1,680 | 1,480 | 1,482 | 1,484 | 1,484 |
| Fees and fines | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Rents | - | - | - | - | - |
| Royalties | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenue | 79,469 | 95,920 | 91,636 | 87,589 | 86,474 |
| Gains | | | | | |
| Net foreign exchange gains | - | - | - | - | - |
| Reversals of previous asset write-downs | - | - | - | - | - |
| Revenue from sales of assets | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Gains | - | - | - | - | - |
| Total Income | 79,469 | 95,920 | 91,636 | 87,589 | 86,474 |
| EXPENSE | | | | | |
| Employees | 43,227 | 51,902 | 52,554 | 54,169 | 55,187 |
| Suppliers | 28,639 | 38,458 | 32,261 | 25,995 | 23,262 |
| Grants | - | - | - | - | - |
| Subsidies | - | - | - | - | - |
| Depreciation and amortisation | 4,843 | 5,449 | 6,661 | 7,265 | 7,865 |
| Finance costs | 160 | 160 | 160 | 160 | 160 |
| Write-down of assets and impairment of assets | - | - | - | - | - |
| Net losses from sale of assets | - | - | - | - | - |
| Net foreign exchange losses | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total expenses | 76,869 | 95,969 | 91,636 | 87,589 | 86,474 |
| Share of operating results of associates and joint ventures accounted for using the equity method | - | - | - | - | - |
| Surplus (Deficit) before Income Tax | 2,600 | (49) | - | - | - |
| Income Tax expense | - | - | - | - | - |
| Surplus (Deficit) | 2,600 | (49) | - | - | - |
| Monitory interest in net surplus (or deficit) | - | - | - | - | - |
| Net surplus (or deficit) attributable to the Australian Government | 2,600 | (49) | - | - | - |

Table 5.2: Budgeted departmental balance sheet as at 30 June

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and equivalents | 4,296 | 4,296 | 4,296 | 4,296 | 4,296 |
| Trade and other receivables | 31,011 | 33,845 | 35,161 | 33,475 | 33,536 |
| Investments accounted for under the equity method | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other investments | - | - | - | - | - |
| Tax assets | - | - | - | - | - |
| Accrued revenues | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total financial assets | 35,307 | 38,141 | 39,457 | 37,771 | 37,832 |
| Non-financial assets | | | | | |
| Land and buildings | 12,425 | 12,073 | 12,691 | 12,286 | 13,762 |
| Infrastructure, plant and equipment | 4,615 | 4,614 | 4,613 | 4,612 | 4,611 |
| Investment properties | - | - | - | - | - |
| Heritage and cultural assets | - | - | - | - | - |
| Inventories | 135 | 135 | 135 | 135 | 135 |
| Intangibles | 7,650 | 13,449 | 15,331 | 18,175 | 17,409 |
| Deferred tax asset | - | - | - | - | - |
| Biological assets | - | - | - | - | - |
| Other | 492 | 492 | 492 | 492 | 492 |
| Total non-financial assets | 25,317 | 30,763 | 33,262 | 35,700 | 36,409 |
| Assets held for sale | - | - | - | - | - |
| Total assets | 60,624 | 68,904 | 72,719 | 73,471 | 74,241 |
| LIABILITIES | | | | | |
| Interest bearing liabilities | | | | | |
| Loans | - | - | - | - | - |
| Leases | 958 | 958 | 958 | 958 | 958 |
| Deposits | - | - | - | - | - |
| Overdraft | - | - | - | - | - |
| Other | 3,785 | 3,785 | 3,785 | 3,785 | 3,785 |
| Total interest bearing liabilities | 4,743 | 4,743 | 4,743 | 4,743 | 4,743 |
| Provisions | | | | | |
| Employees | 15,439 | 16,057 | 16,700 | 17,368 | 18,063 |
| Other | 1,251 | 1,251 | 1,251 | 1,251 | 1,251 |
| Total provisions | 16,690 | 17,308 | 17,951 | 18,619 | 19,314 |
| Payables | | | | | |
| Suppliers | 2,970 | 2,933 | 2,911 | 2,899 | 2,899 |
| Grants | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Finance costs | - | - | - | - | - |
| Tax liabilities | - | - | - | - | - |
| Deferred tax liabilities | - | - | - | - | - |
| Other | 214 | 214 | 214 | 214 | 214 |
| Total payables | 3,184 | 3,147 | 3,125 | 3,113 | 3,113 |
| Liabilities included in disposal groups held for sale | - | - | - | - | - |
| Total liabilities | 24,617 | 25,198 | 25,819 | 26,475 | 27,170 |
| Net Assets | 36,007 | 43,706 | 46,900 | 46,996 | 47,071 |

Table 5.2: Budgeted departmental balance sheet as at 30 June (continued)

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|---|--|---|--|--|--|
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 20,243 | 27,991 | 31,185 | 31,281 | 31,356 |
| Reserves | 10,134 | 10,134 | 10,134 | 10,134 | 10,134 |
| Retained surpluses or accumulated deficits | 5,630 | 5,581 | 5,581 | 5,581 | 5,581 |
| Total parent entity interest | 36,007 | 43,706 | 46,900 | 46,996 | 47,071 |
| Minority interest | | | | | |
| Contributed equity | - | - | - | - | - |
| Reserves | - | - | - | - | - |
| Retained surpluses or accumulated deficits | - | - | - | - | - |
| Total minority interest | - | - | - | - | - |
| Total equity | 36,007 | 43,706 | 46,900 | 46,996 | 47,071 |
| Current assets | 35,934 | 38,768 | 40,084 | 38,398 | 38,459 |
| Non-current assets | 24,690 | 30,136 | 32,635 | 35,073 | 35,782 |
| Current liabilities | 17,881 | 18,384 | 18,925 | 19,497 | 20,105 |
| Non-current liabilities | 6,736 | 6,814 | 6,894 | 6,978 | 7,065 |

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows
for the period ended 30 June**

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | 2,842 | 1,470 | 1,476 | 1,480 | 1,484 |
| Appropriations | 73,019 | 91,211 | 88,439 | 87,390 | 84,524 |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Net GST received | 4,015 | 3,997 | 3,376 | 2,749 | 2,475 |
| Other | - | - | - | - | - |
| Total cash received | 79,876 | 96,678 | 93,291 | 91,619 | 88,483 |
| Cash used | | | | | |
| Employees | 42,084 | 51,284 | 51,911 | 53,501 | 54,492 |
| Suppliers | 28,673 | 38,495 | 32,283 | 26,007 | 23,262 |
| Grants | - | - | - | - | - |
| Borrowing costs | 160 | 160 | 160 | 160 | 160 |
| Net GST paid | 3,152 | 3,997 | 3,376 | 2,749 | 2,475 |
| Other | - | - | - | - | - |
| Total cash used | 74,069 | 93,936 | 87,730 | 82,417 | 80,389 |
| Net cash from or (used by) operating activities | 5,807 | 2,742 | 5,561 | 9,202 | 8,094 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment | - | - | - | - | - |
| Proceeds from sales of financial instruments | - | - | - | - | - |
| Repayments of loans made | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 5,230 | 10,490 | 8,755 | 9,298 | 8,169 |
| Purchase of financial instruments | - | - | - | - | - |
| Loans made | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash used | 5,230 | 10,490 | 8,755 | 9,298 | 8,169 |
| Net cash from or (used by) investing activities | (5,230) | (10,490) | (8,755) | (9,298) | (8,169) |

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June (continued)

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations - contributed equity | 627 | 7,748 | 3,194 | 96 | 75 |
| Proceeds from issuing financial instruments | - | - | - | - | - |
| Proceeds from loans | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash received | 627 | 7,748 | 3,194 | 96 | 75 |
| Cash used | | | | | |
| Repayments of debt | - | - | - | - | - |
| Dividends paid | - | - | - | - | - |
| Other | 1,000 | - | - | - | - |
| Total cash used | 1,000 | - | - | - | - |
| Net cash from/(used by) financing activities | (373) | 7,748 | 3,194 | 96 | 75 |
| Net increase or (decrease) in cash held | 204 | - | - | - | - |
| Cash at the beginning of the reporting period | 4,092 | 4,296 | 4,296 | 4,296 | 4,296 |
| Effect of exchange rate movements on cash at the beginning of reporting period | - | - | - | - | - |
| Cash at the end of the reporting period | 4,296 | 4,296 | 4,296 | 4,296 | 4,296 |

**Table 5.4: Departmental statement of changes in equity – summary of movement
(Budget 2007-08)**

| | Retained earnings | Asset revaluation reserve | Other reserves | Contributed equity/ capital | Total equity |
|--|----------------------|---------------------------------|-------------------|-----------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balances as at 1 July 2007 | | | | | |
| Balance carried forward from previous period | 5,630 | 10,134 | - | 20,243 | 36,007 |
| Adjustment for changes in accounting policies | - | - | - | - | - |
| Adjusted opening balances | 5,630 | 10,134 | - | 20,243 | 36,007 |
| Income and expenses | | | | | |
| Income and expenses recognised directly in equity: | | | | | |
| Gain/loss on revaluation of property | - | - | - | - | - |
| Sub-total income and expenses | - | - | - | - | - |
| Surplus (Deficit) for the period | (49) | - | - | - | (49) |
| Total income and expenses recognised directly in equity | (49) | - | - | - | (49) |
| Transactions with owners | | | | | |
| Distribution to owners | | | | | |
| Returns on capital | | | | | |
| Dividends | - | - | - | - | - |
| Returns of capital | | | | | |
| Restructuring | - | - | - | - | - |
| Other | - | - | - | - | - |
| Contribution by owners | | | | | |
| Appropriation (equity injection) | - | - | - | 7,748 | 7,748 |
| Other: | | | | | |
| Restructuring | - | - | - | - | - |
| Sub-total transactions with owners | - | - | - | 7,748 | 7,748 |
| Transfers between equity components | - | - | - | - | - |
| Estimated closing balance as at 30 June 2008 | 5,581 | 10,134 | - | 27,991 | 43,706 |

Table 5.5: Departmental capital budget statement

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|---|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Total equity injections | 627 | 7,748 | 3,194 | 96 | 75 |
| Total loans | - | - | - | - | - |
| Total capital appropriations | 627 | 7,748 | 3,194 | 96 | 75 |
| Represented by: | | | | | |
| Purchase of non-financial assets | 627 | 7,748 | 3,194 | 96 | 75 |
| Other | - | - | - | - | - |
| Total represented by | 627 | 7,748 | 3,194 | 96 | 75 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriation | 627 | 7,748 | 3,194 | 96 | 75 |
| Funded internally by | 4,603 | 2,742 | 5,561 | 9,202 | 8,094 |
| Departmental resources | | | | | |
| Total | 5,230 | 10,490 | 8,755 | 9,298 | 8,169 |

Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

| | Land | Investment property | Buildings | Specialist military equipment | Other infrastructure plant and equipment | Heritage and cultural assets | Computer software | Other intangibles | Total |
|---|--------------|---------------------|--------------|-------------------------------|--|------------------------------|-------------------|-------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2007 | | | | | | | | | |
| Gross book value | 7,535 | - | 5,878 | - | 7,057 | - | 22,547 | - | 43,017 |
| Accumulated depreciation | - | - | 988 | - | 2,442 | - | 14,897 | - | 18,327 |
| Opening net book value | 7,535 | - | 4,890 | - | 4,615 | - | 7,650 | - | 24,690 |
| Additions: | | | | | | | | | |
| by purchase | - | - | 545 | - | 785 | - | - | - | 1,330 |
| by finance lease | - | - | - | - | 405 | - | - | - | 405 |
| internally developed | - | - | - | - | - | - | 9,160 | - | 9,160 |
| from acquisitions of entities or operations (including restructuring) | - | - | - | - | - | - | - | - | - |
| Revaluations and impairment through equity | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | - | - | - | - | - | - | - | - |
| Depreciation/amortisation expense | - | - | 897 | - | 1,191 | - | 3,361 | - | 5,449 |
| Impairments recognised in operating result | - | - | - | - | - | - | - | - | - |
| Other movements | - | - | - | - | - | - | - | - | - |
| Disposals: | | | | | | | | | |
| from disposal of entities or operations (including restructuring) | - | - | - | - | - | - | - | - | - |
| other disposals | - | - | - | - | - | - | - | - | - |
| As at 30 June 2008 | | | | | | | | | |
| Gross book value | 7,535 | - | 6,423 | - | 8,247 | - | 31,707 | - | 53,912 |
| Accumulated depreciation | - | - | 1,885 | - | 3,633 | - | 18,258 | - | 23,776 |
| Estimated closing net book value | 7,535 | - | 4,538 | - | 4,614 | - | 13,449 | - | 30,136 |

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| INCOME ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Revenue | | | | | |
| Taxation | | | | | |
| Income tax | - | - | - | - | - |
| Indirect tax | - | - | - | - | - |
| Other taxes, fees and fines | 477,251 | 491,433 | 506,787 | 522,734 | 539,297 |
| Total taxation | 477,251 | 491,433 | 506,787 | 522,734 | 539,297 |
| Non-taxation | | | | | |
| Goods and services | - | - | - | - | - |
| Fees and fines | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Other sources of non-taxation revenues | 218,230 | 211,954 | 201,174 | 202,040 | 202,508 |
| Rents | - | - | - | - | - |
| Royalties | - | - | - | - | - |
| Total non-taxation | 218,230 | 211,954 | 201,174 | 202,040 | 202,508 |
| Total revenues administered on behalf of Government | 695,481 | 703,387 | 707,961 | 724,774 | 741,805 |
| Gains | | | | | |
| Net foreign exchange gains | - | - | - | - | - |
| Net gains from sale of assets | 4,340 | - | - | - | - |
| Other gains | - | - | - | - | - |
| Reversal of previous asset writedowns | - | - | - | - | - |
| Total gains administered on behalf of Government | 4,340 | - | - | - | - |
| Total income administered on behalf of Government | 699,821 | 703,387 | 707,961 | 724,774 | 741,805 |
| EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Grants | - | - | - | - | - |
| Subsidies | 172,394 | 157,692 | 145,076 | 145,076 | 145,076 |
| Personal benefits | - | - | - | - | - |
| Employees | - | - | - | - | - |
| Suppliers | 14,500 | 18,000 | 18,000 | 18,000 | 18,000 |
| Depreciation and amortisation | - | - | - | - | - |
| Write down and impairment of assets | 320 | 320 | 320 | 320 | 320 |
| Finance costs | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Asset sales | - | - | - | - | - |
| Foreign exchange | - | - | - | - | - |
| Other | 56 | 50 | 50 | 50 | 50 |
| Total expenses administered on behalf of Government | 187,270 | 176,062 | 163,446 | 163,446 | 163,446 |

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|---|--|---|--|--|--|
| ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Receivables | 31,924 | 31,743 | 32,795 | 32,886 | 32,552 |
| Taxation receivables | - | - | - | - | - |
| Investments - equity | - | - | - | - | - |
| Investments - other | - | - | - | - | - |
| Accrued revenues | 286,155 | 299,025 | 311,728 | 324,971 | 338,776 |
| Other financial assets | - | - | - | - | - |
| Total financial assets | 318,079 | 330,768 | 344,523 | 357,857 | 371,328 |
| Non-financial assets | | | | | |
| Land and buildings | - | - | - | - | - |
| Infrastructure, plant and equipment | - | - | - | - | - |
| Investment properties | - | - | - | - | - |
| Heritage and cultural assets | - | - | - | - | - |
| Inventories | - | - | - | - | - |
| Intangibles | - | - | - | - | - |
| Biological assets | - | - | - | - | - |
| Assets held for sale | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total non-financial assets | - | - | - | - | - |
| Total assets administered on behalf of Government | 318,079 | 330,768 | 344,523 | 357,857 | 371,328 |
| LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Interest bearing liabilities | | | | | |
| Australian Government securities | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Leases | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Overdrafts | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total interest bearing liabilities | - | - | - | - | - |
| Provisions | | | | | |
| Employees | - | - | - | - | - |
| Taxation refunds provided | - | - | - | - | - |
| Australian currency on issue | - | - | - | - | - |
| Other provisions | 1,674 | 1,674 | 1,674 | 1,674 | 1,674 |
| Total provisions | 1,674 | 1,674 | 1,674 | 1,674 | 1,674 |
| Payables | | | | | |
| Suppliers | - | - | - | - | - |
| Grants and subsidies | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Borrowing costs | - | - | - | - | - |
| Personal benefits payable | - | - | - | - | - |
| Taxation refunds due | - | - | - | - | - |
| Other payables | 1,512 | 1,512 | 1,512 | 1,512 | 1,512 |
| Total payables | 1,512 | 1,512 | 1,512 | 1,512 | 1,512 |
| Liabilities included in disposal groups held for sale | - | - | - | - | - |
| Total liabilities administered on behalf of Government | 3,186 | 3,186 | 3,186 | 3,186 | 3,186 |

**Table 5.9: Schedule of budgeted administered cash flows
for the period ended 30 June**

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Tax | 463,108 | 478,563 | 494,084 | 509,491 | 525,492 |
| Fees | - | - | - | - | - |
| Sales of goods and rendering of services | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Net GST received | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Other | 107,352 | 108,132 | 104,440 | 106,267 | 107,160 |
| Total cash received | 577,845 | 593,864 | 605,263 | 622,497 | 639,391 |
| Cash used | | | | | |
| Borrowing costs | - | - | - | - | - |
| Employees | - | - | - | - | - |
| Grant payments | - | - | - | - | - |
| Interest paid | - | - | - | - | - |
| Subsidies paid | 59,348 | 53,689 | 49,394 | 49,394 | 49,394 |
| Personal benefits | - | - | - | - | - |
| Suppliers | 14,500 | 18,000 | 18,000 | 18,000 | 18,000 |
| Net GST paid | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Other | 56 | 50 | 50 | 50 | 50 |
| Total cash used | 81,289 | 78,908 | 74,183 | 74,183 | 74,183 |
| Net cash from or (used by) operating activities | 496,556 | 514,956 | 531,080 | 548,314 | 565,208 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment and intangibles | 4,340 | - | - | - | - |
| Proceeds from sales of equity instruments | - | - | - | - | - |
| Proceeds from sales of investments | - | - | - | - | - |
| Repayments of advances | - | - | - | - | - |
| Transfers from other entities | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash received | 4,340 | - | - | - | - |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | - | - | - | - | - |
| Purchase of equity instruments | - | - | - | - | - |
| Advances and loans made | - | - | - | - | - |
| Transfers to other entities | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash used | - | - | - | - | - |
| Net cash from or (used by) investing activities | 4,340 | - | - | - | - |

**Table 5.9: Schedule of budgeted administered cash flows
for the period ended 30 June (continued)**

| | Estimated actual 2006-07 \$'000 | Budget estimate 2007-08 \$'000 | Forward estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 |
|--|--|---|--|--|--|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from borrowing | - | - | - | - | - |
| Cash from Official Public Account | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Other | - | - | - | - | - |
| Total cash received | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Cash used | | | | | |
| Net repayment of borrowings | - | - | - | - | - |
| Dividends paid | - | - | - | - | - |
| Cash to Official Public Account | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Other | - | - | - | - | - |
| Total cash used | 7,385 | 7,169 | 6,739 | 6,739 | 6,739 |
| Net cash from or (used by) financing activities | - | - | - | - | - |
| Net increase or (decrease) in cash held | 500,896 | 514,956 | 531,080 | 548,314 | 565,208 |
| Cash at beginning of reporting period | 1,084 | - | - | - | - |
| Cash from Official Public Account for: | | | | | |
| Appropriations | 7,385 | 7,669 | 7,239 | 7,239 | 7,239 |
| Special accounts | 73,904 | 71,239 | 66,944 | 66,944 | 66,944 |
| Other | - | - | - | - | - |
| Transfers from other entities (Finance - Whole of Government) | - | - | - | - | - |
| Cash to Official Public Account for: | | | | | |
| Appropriations | - | - | - | - | - |
| Special accounts | 70,193 | 71,239 | 66,944 | 66,944 | 66,944 |
| Other | 513,076 | 522,625 | 538,319 | 555,553 | 572,447 |
| Transfers from other entities (Finance - Whole of Government) | - | - | - | - | - |
| Effect of exchange rate movements on cash at beginning of reporting period | - | - | - | - | - |
| Cash at end of reporting period | - | - | - | - | - |

5.3: NOTES TO THE FINANCIAL STATEMENTS

Departmental

Revenues from Government

Revenues from Government represents the purchase of outputs from ACMA by the Government.

Revenue from the Sale of Goods and Services

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

Employees Expenses

Represents payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

Suppliers Expenses

Represents payments to suppliers for goods and services.

Depreciation and Amortisation

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the agency 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. Intangibles (computer software) are depreciated over their useful lives of between three and ten years.

Forward estimates of depreciation and amortisation expense are made using forecasts of net capital acquisition requirements over the forward years.

Finance Costs

Finance costs relate to ACMA's IT outsourcing finance lease and lease incentives associated with property leases.

Receivables

Represents amounts owing to ACMA for goods and services that it has provided to external parties and cash reserves held in the Official Public Account which are recorded as a receivable.

Non-financial Assets

Represents future economic benefits that the agency will consume in producing outputs. Apart from revalued assets, the reported value represents the purchase price paid less depreciation incurred to date in using that asset.

Land and buildings, and infrastructure, plant and equipment are initially brought to account at cost, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Intangibles include purchased and internally developed software such as ACMA's radiocommunications planning tools software and licences, numbering auction system and financial information management system.

Lease Liabilities

ACMA has entered into a sale and lease-back transaction of certain IT assets. The IT equipment provided to and used by ACMA includes desktop computers, mid-range and other equipment. The IT outsourcing contract is accounted for as a finance lease in accordance with AAS 17, Leases. Lease liability estimates also include lease incentives associated with ACMA's property leases.

Employee Provisions

Provision has been made for the agency's liability for employee entitlements arising from services rendered by employees. This liability encompasses unpaid wages and salaries, annual and long service leave. No provision is made for sick leave.

The liability for leave expected to be settled within twelve months is measured at the nominal amount. Other employee entitlements payable later than one year have been estimated at the present value of the expected future cash outflows in relation to those entitlements.

Supplier Payables

Represents amounts payable to trade creditors. Settlement is usually made within 30 days.

Administered

Taxation Revenue

Represents the collection of taxes and fees on behalf of the Government. It includes Broadcasting Licence Fees, Radiocommunications Taxes and the Annual Numbering Charge. These funds are remitted to the Official Public Account and are not available to be used by ACMA for its own purposes.

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

Non-taxation Revenue

Represents non-taxation fees and charges collected by ACMA. These include Telecommunication Licence Charges, USO levies and non-taxation Radiocommunication charges.

Revenues from the Sale of Assets

Represents the proceeds from radio spectrum, radio apparatus and telephone numbering auctions. Estimates of the expected revenue from future auctions are not disclosed as they could potentially affect the revenue raised from the auctions.

Subsidies

Represents the USO levy.

Suppliers

Represents payments to suppliers for goods and services. It includes expenses for NRS service providers and the development of consumer codes by participants in the telecommunications industry.