

Australian Communications and Media Authority

**Agency resources and planned
performance**

AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY

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AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

- the *Australian Communications and Media Authority Act 2005*;
- 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*.

In performing its functions and exercising its powers, ACMA aims to be a forward-looking and efficient organisation that supports and encourages a dynamic communications sector. ACMA's strategic intent is to make communications and media work in Australia's public interest, and this is achieved by delivering constructive regulatory outcomes that effectively balance the needs of the industry and the community.

ACMA works with all stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards. Within that framework, ACMA regulates in as technology-neutral a manner as possible, to enable industry to determine how products and services are best provided to the community. Compliance and enforcement action is taken where required, and is at a level appropriate to each issue.

In planning for the 2008-09 financial year, ACMA has identified five platforms to its strategic direction.

1. Ensure consumer safeguards are effective and keep pace with community standards.

ACMA will undertake a range of activities to support the Government's policy on Cyber-safety, including targeted compliance and enforcement activity, an annual report on internet filtering, and the development of education and research initiatives. The education initiatives will include a range of programs and activities designed to reach a variety of target audiences to educate them about cyber-safety.

ACMA will continue to administer the Do Not Call Register Scheme, which provides Australians with the opportunity to opt out of receiving certain telemarketing calls. The Register has more than 2 million registrations and enables industry to 'wash' contact lists against the Register to assist in compliance with the Scheme. Cost recovery measures associated with the fees payable to 'wash' contact lists will be reviewed by ACMA to give effect to the Government's decision to require the full direct costs of the Register to be recovered from the telemarketing industry.

ACMA will also work with industry as it progresses its review of the codes of practice for commercial television and radio.

2. Meet community and national interests in the planning and delivery of communications services.

Building on ACMA's recent establishment of a framework for the further application of regulation to Voice over Internet Protocol (VoIP) services and providers, ACMA will continue its development of an industry engagement and compliance strategy for VoIP services. This will provide a comprehensive coordinated approach to articulate how ACMA intends to regulate the VoIP service industry, and will assist in providing certainty to industry on ACMA's compliance focus.

3. Maximise consumer and audience choice of communications and media products and services.

To inform and facilitate the switchover to digital television, ACMA will undertake a number of technical switchover-related projects, including an evaluation of digital television transmission and reception throughout Australia, with a view to ensuring digital television has the same coverage as current analogue services. In addition, in line with its spectrum management responsibility, ACMA will plan the future use of disused analogue television spectrum.

4. Ensure the efficient allocation and use of public resources.

ACMA will develop spectrum management principles designed to balance the use of market principles and regulatory intervention, in order to maximise the overall public benefit derived from the radiofrequency spectrum. The principles will promote consistency, predictability and transparency in ACMA decision-making; increase ACMA's ability to respond to challenges including the impact of new technologies and increasing demand for spectrum for advanced services; and provide guidance for planning and allocation decisions.

ACMA will also release a Five-year Spectrum Outlook in order to provide greater insight and transparency for industry about the pressures on spectrum and the direction of ACMA's spectrum planning. The Outlook will consolidate the fundamental issues affecting spectrum requirements of key radiocommunications services over the 2009-2014 timeframe, and outline ACMA's preliminary thoughts on how to best manage the demand. The document will also highlight spectrum requirements that may arise beyond 2013. This will provide a greater degree of industry certainty about ACMA priorities, and promote dialogue with spectrum users about these priorities.

5. Ensure ACMA is a relevant and resilient knowledge-based organisation.

To further its organisational capability, ACMA will develop and implement a range of organisation-wide strategies. These will include business process transformation through a greater focus on information technology, managing information and knowledge. Through the implementation of the information technology strategic plan, ACMA will provide a consolidated and integrated information environment where knowledge is well managed and easily accessible both internally and externally.

Our people and resources will be more effectively managed to meet the emerging business needs of ACMA through improving our workforce planning, leadership capabilities and performance management.

In addition, there will be continued focus on stakeholder relationships to ensure ACMA is externally recognised and internally supported by an informed and engaged workforce.

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: ACMA 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 | 29,222 | 93,013 | 122,235 | 97,229 |
| s.31 Relevant agency receipts | - | 1,482 | 1,482 | 1,480 |
| Total | 29,222 | 94,495 | 123,717 | 98,709 |
| Total ordinary annual services | 29,222 | 94,495 | 123,717 | 98,709 |
| Other services | | | | |
| Administered expenses | - | - | - | - |
| Departmental non-operating | | | | |
| Equity injections | 7,000 | 3,694 | 10,694 | 7,579 |
| Total | 7,000 | 3,694 | 10,694 | 7,579 |
| Total other services | 7,000 | 3,694 | 10,694 | 7,579 |
| Total Available Annual Appropriations | 36,222 | 98,189 | 134,411 | 106,288 |
| Special Appropriations | | | | |
| Total Special Appropriations | - | 300 | 300 | 281 |
| Total Appropriations excluding Special Accounts | 36,222 | 98,489 | 134,711 | 106,569 |
| Special Accounts¹ | | | | |
| Opening balance | 4,375 | - | 4,375 | 3,944 |
| Non-Appropriation receipts to Special Accounts | - | 66,944 | 66,944 | 71,239 |
| Total Special Accounts | 4,375 | 66,944 | 71,319 | 75,183 |
| Total resourcing | 40,597 | 165,433 | 206,030 | 181,752 |
| Less appropriations drawn from annual or special appropriations above and credited to special accounts | - | 66,944 | 66,944 | 71,239 |
| Total net resourcing for ACMA | 40,597 | 98,489 | 139,086 | 110,513 |

1. Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Budget measures relating to ACMA 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: Agency 2008-09 Budget measures

| | Output Group | 2008-09 \$'000 | 2009-10 \$'000 | 2010-11 \$'000 | 2011-12 \$'000 | |
|---|-----------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| Revenue measures | | | | | | |
| Responsible Economic Management | | | | | | |
| - Do Not Call Register - cost recovery | | | | | | |
| | Administered revenues | 2.1 | 1,105 | 1,215 | 998 | 838 |
| | Total | | 1,105 | 1,215 | 998 | 838 |
| Total revenue measures | | | | | | |
| | Administered | | 1,105 | 1,215 | 998 | 838 |
| | Total | | 1,105 | 1,215 | 998 | 838 |
| Expense measures | | | | | | |
| Cyber-safety Plan | | | | | | |
| | Departmental outputs | 2.1 | 5,522 | 2,993 | 2,814 | 2,847 |
| | Total | | 5,522 | 2,993 | 2,814 | 2,847 |
| Digital Television Switchover - additional funding ¹ | | | | | | |
| | Departmental outputs | 1.2 | 2,169 | 1,916 | 1,861 | 1,510 |
| | Total | | 2,169 | 1,916 | 1,861 | 1,510 |
| National Security - critical infrastructure protection ² | | | | | | |
| | Departmental outputs | 1.1 & 1.2 | - | - | - | - |
| | Total | | - | - | - | - |
| Responsible Economic Management | | | | | | |
| - Digital Action Plan ³ | | | | | | |
| | Departmental outputs | 1.2 | -1,240 | -1,291 | - | - |
| | Total | | -1,240 | -1,291 | - | - |
| - Efficiency Dividend ⁴ | | | | | | |
| | Departmental outputs | 1.2 | -2,010 | -2,140 | -2,358 | -2,358 |
| | Total | | -2,010 | -2,140 | -2,358 | -2,358 |
| - Protecting Australian Families Online | | | | | | |
| | Departmental outputs | 2.1 | -5,058 | -3,136 | -3,173 | -3,204 |
| | Total | | -5,058 | -3,136 | -3,173 | -3,204 |
| Total expense measures | | | | | | |
| | Departmental | | -617 | -1,658 | -856 | -1,205 |
| | Total | | -617 | -1,658 | -856 | -1,205 |
| Capital measures | | | | | | |
| Digital Television Switchover - additional funding | | | | | | |
| | Departmental capital | 1.2 | 500 | 200 | 200 | 150 |
| | Total | | 500 | 200 | 200 | 150 |
| Responsible Economic Management | | | | | | |
| - Digital Action Plan ³ | | | | | | |
| | Departmental capital | 1.2 | - | - | - | - |
| | Total | | - | - | - | - |
| Total capital measures | | | | | | |
| | Departmental | | 500 | 200 | 200 | 150 |
| | Total | | 500 | 200 | 200 | 150 |

Prepared on a Government Financial Statistics basis.

- Does not include depreciation expenses funding of \$0.167m in 2008-09, \$0.235m in 2009-10, \$0.304m in 2010-11 and \$0.357m in 2011-12.
- The lead agency for this measure is the Attorney-General's Department. The full measure description and package details appear in Budget Paper 2 under the Attorney-General's Portfolio. Funding of \$0.089m will be provided to ACMA in 2008-09.
- 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 an expense saving of \$1.267m

and a capital saving of \$0.169m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No.2. Amounts do not include depreciation expenses of \$0.034m in 2007-08 and \$0.068m in 2008-09 and 2009-10.

- 4 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 \$0.428m in 2007-08. For further details on the 2007-08 impact, see Budget Paper No. 2.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

2.1.1 Outcome 1: ACMA will provide a regulatory environment that supports an efficient communications sector

Outcome 1 Strategy

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;
- promoting a communications sector that is diverse, innovative, competitive and responsive to the needs of the Australian community; and
- undertaking digital economy research examining participation and effective use of digital communications and media.

Table 2.1.1: Total resources for Outcome 1

| | 2008-09 Total estimate of available resources \$'000 | 2007-08 Estimated actual \$'000 |
|---|---|--|
| ACMA will provide a regulatory environment that supports an efficient communications sector | | |
| Output Group 1.1: Effective regulation of the communications industry | | |
| Departmental Outputs | 43,232 | 43,453 |
| Revenues from other sources (s.31) | 302 | 300 |
| Non-Appropriation receipts to Special Accounts ¹ | 50 | 50 |
| Subtotal for Output Group 1.1 | 43,584 | 43,803 |
| Output Group 1.2: Planning and licensing of communications services | | |
| Departmental Outputs | 18,528 | 18,579 |
| Revenues from other sources (s.31) | 980 | 980 |
| Subtotal for Output Group 1.2 | 19,508 | 19,559 |
| Total resources for Outcome 1 | 63,092 | 63,362 |
| | 2008-09 | 2007-08 |
| Average staffing level (number) | 398 | 415 |

Contributions to Outcome 1

| Output Group 1.1: Effective regulation of the communications industry | |
|---|--|
| Output Group 1.1 contributes to Outcome 1 by ACMA administering the regulatory requirements applicable to the communications sector. ACMA monitors compliance with these requirements, and takes timely action where required, and at a level that is proportionate to any failure to comply. | |
| Key Performance Indicators | 2008-09 Target |
| The regulatory framework supports an efficient communications sector while ensuring that public interest objectives are met. | Development of a Spectrum Management Framework. |
| The collection of annual numbering charges. | Government revenue targets met. |
| Applications for an opinion on control or temporary approval of a breach of the <i>Broadcasting Services Act 1992</i> (BSA) dealt with within applicable timeframes. | Applications for prior approval processed within 45 days of receipt. |
| Implementation of the VoIP compliance strategy. | Strategy released by June 2009. |
| Radiocommunications interference complaints related to safety of life issues dealt with within applicable timeframes. | Complaints processed immediately on receipt. |

| Output Group 1.2: Planning and licensing of communications services | |
|---|--|
| <p>Output Group 1.2 contributes to Outcome 1 by providing efficient planning, allocation and use of national resources used by the communications sector, such as radiofrequency spectrum, telephone numbering and telecommunications infrastructure.</p> <p>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.</p> | |
| Key Performance Indicators | 2008-09 Target |
| The number and adequacy of digital field strength measurements across key television market areas. | In excess of 300 measurement sets across marginal television reception areas. |
| Progressive identification of television black spots. | Ratio of Digital to Analogue black spots identified. |
| Identification of primary issues facing key radiocommunications services, and methods ACMA proposes to use to manage these issues. | Publication of ACMA's Five Year Spectrum Outlook 2009-14. |
| Publication of an amended Radiofrequency Spectrum Band Plan. | Publication of Spectrum Band Plan by 1 January 2009. |
| The level of marketplace contestability in frequency assignments. | Greater ratio of external frequency assignments relative to ACMA conducted frequency assignments. |
| The proportion of licensing and numbering transaction applications dealt with within applicable timeframes. | <p>70% apparatus licence applications requiring frequency assignment within 70 days.</p> <p>100% apparatus licence applications not requiring frequency assignment within 14 days.</p> <p>100% community broadcasting licence renewal applications within 12 months, with 90% of initial assessments within 4 months.</p> <p>100% of geographic number allocations within 10 days.</p> |

| Key Performance Indicators | 2008-09 Target |
|---|--|
| | Submarine cable permits within 20 days (protection zone) or 180 days (non-protection zone). |
| The extent of spectrum licensed through class and spectrum licensing. | Increased proportion of spectrum licensed through class and spectrum licensing. |
| Price-based allocations of spectrum licences completed within statutory timeframes. | Price-based allocations of spectrum completed within two years of reallocation declaration and six months of the Minister determining competition rules. |

2.1.2 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

Outcome 2 Strategy

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.

Table 2.1.2: Total resources for Outcome 2

| | 2008-09 Total estimate of available resources \$'000 | 2007-08 Estimated actual \$'000 |
|--|---|--|
| ACMA will contribute to meeting the communications products and services needs of the Australian community by enabling an effective information, standards and safeguards regime | | |
| Output Group 2.1: Ensuring the provision of community standards and safeguards which reflect broad community expectations | | |
| Departmental Outputs | 25,627 | 28,801 |
| Administered Special Appropriations | | |
| Telecommunications - Consumer Codes | 300 | 281 |
| Special Accounts ¹ | | |
| Universal Service Levy | | |
| Opening balance | - | 658 |
| Non-Appropriation receipts to Special Accounts | 49,394 | 53,689 |
| National Relay Service | | |
| Opening balance | 4,375 | 3,286 |
| Appropriation receipts | - | - |
| Non-Appropriation receipts to Special Accounts | 17,500 | 17,500 |
| Subtotal for Output Group 2.1 | 97,196 | 104,215 |
| Output Group 2.2: Facilitating sufficient community information to enable informed decisions about communications products and services | | |
| Departmental Outputs | 5,626 | 6,396 |
| Revenues from other sources (s.31) | 200 | 200 |
| Subtotal for Output Group 2.2 | 5,826 | 6,596 |
| Total resources for Outcome 2 | 103,022 | 110,811 |
| | 2008-09 | 2007-08 |
| Average staffing level (number) | 132 | 140 |

1. For further detail on special accounts, see Table 3.1.3.

Contributions to Outcome 2

| Output Group 2.1: Ensuring the provision of community standards and safeguards which reflect broad community expectations |
|---|
| Output Group 2.1 contributes to Outcome 2 by ensuring that the community's expectations are reflected in the standards and safeguards regime which applies to communications products and services. |
| 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 <i>Telecommunications Act 1997</i> . ACMA contributes to, registers and encourages compliance with, industry codes, licence conditions and service provider rules as well as legislation developed to address consumer protection issues, including protection from unsolicited electronic messages and 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, using legislative enforcement powers to promote industry compliance as 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.

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.

Components of Output Group 2.1:

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.

| Key Performance Indicators | 2008-09 Target |
|--|---|
| <p>Online content, telemarketing, anti-spam and broadcasting code complaints dealt with within applicable timeframes.</p> | <p>Online content – 80% of cyber-safety online content based complaints completed within 14 days. Telemarketing – 50% of complaints closed within 7 days, 75% within 14 days, 90% within 21 days from receipt. Broadcasting code complaints investigations completed within 6 months. Anti-spam – 90% of Spam based complaints and enquiries actioned within 8 days.</p> |
| <p>Consultation undertaken to provide information and advice regarding communications service matters affecting consumers.</p> | <p>ACMA Consumer Consultative Forum (CCF) convened twice annually.</p> |

| Key Performance Indicators | 2008-09 Target |
|---|--|
| <p>Industry performance reports made available on the Customer Service Guarantee, National Reliability Framework, and Universal Service Obligation.</p> | <p>Quarterly data is reported on time, and to a high quality.</p> <p>Annual performance report is released on time, and to a high quality.</p> |
| <p>Output Group 2.2: Facilitating sufficient community information to enable informed decisions about communications products and services</p> | |
| <p>Output Group 2.2 contributes to Outcome 2 by providing for a community that is informed about the communications products and services available.</p> <p>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.</p> <p>ACMA encourages the communications sector to provide sufficient information about new services, and changes to existing services, to enable consumers to make informed decisions.</p> | |
| Key Performance Indicators | 2008-09 Target |
| <p>Information programs delivered in order to raise awareness of rights, obligations and safety issues.</p> | <p>Education program in relation to emergency service numbers completed by 31 December 2008.</p> <p>Education program in relation to the Do Not Call Register (DNCR) completed by 30 June 2009.</p> <p>Contribution to inter-agency scam prevention project in February—March 2009.</p> <p>Completion of a cyber-safety school kit and parents' kit by first quarter of 2009, to underpin the cyber-safety education program.</p> <p>Regular presentations facilitating awareness of customer cabling compliance and regulatory regimes.</p> <p>Regular presentations to industry groups facilitating awareness of customer equipment regulation and compliance.</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 and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available 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 level 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) | 123,717 |
| Less total attributed in outcome resource statements | (94,495) |
| Estimated departmental operating appropriation carry-forward for 2009-10 (outputs) | 29,222 |

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 ACMA.

Table 3.1.3: Estimates of Special Account cash flows and balances

| | | Opening balance 2008-09 2007-08 \$'000 | Receipts 2008-09 2007-08 \$'000 | Payments 2008-09 2007-08 \$'000 | Adjustments 2008-09 2007-08 \$'000 | Closing balance 2008-09 2007-08 \$'000 |
|--|-----------|---|---|---|--|---|
| Universal Service Account - s21 FMA Act 1997 ¹ and s21 TCPSS Act 1999 ² (A) | Outcome 2 | - 658 | 49,394 53,689 | 49,394 54,347 | - - | - - |
| National Relay Service Account - s21 FMA Act 1997 ¹ and s21 TCPSS Act 1999 ² (A) | 2 | 4,375 3,286 | 17,500 17,500 | 17,500 16,411 | - - | 4,375 4,375 |
| s20 FMA Act 1997 ¹ (A) | 1 | - - | 50 50 | 50 50 | - - | - - |
| Total special accounts 2008-09 Budget estimate | | 4,375 | 66,944 | 66,944 | - | 4,375 |
| Total special accounts 2007-08 estimated actual | | 3,944 | 71,239 | 70,808 | - | 4,375 |

(A) = Administered

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

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

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

Departmental

Income Statement

ACMA is budgeting in 2008-09 for total revenue and expenditure to be \$94.495m. This represents a decrease in revenue of \$4.214m and a decrease in expenses of \$4.263m from the 2007-08 estimated actual results.

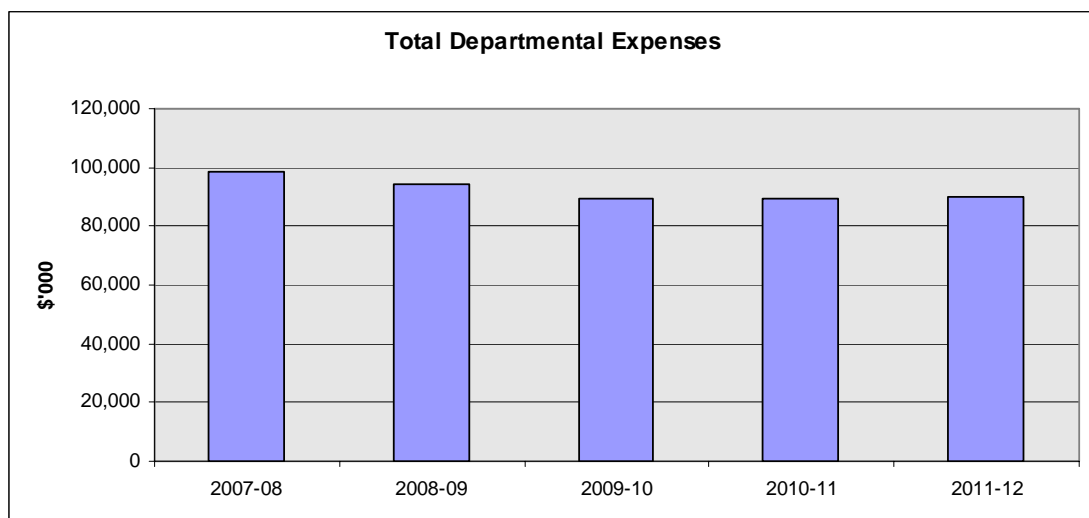
The decrease in revenue is primarily due to:

- a decrease of \$12.074m associated with prior measures and parameter adjustments, offset by an increase in new measures of \$7.858m.

The decrease in expenses is primarily due to:

- a decrease of \$12.074m associated with prior measures and parameter adjustments, offset by an increase in new measures of \$7.858m.

The following chart shows the trend in ACMA departmental 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 2008-09 of \$38.966m represents an increase of \$3.694m from the 2007-08 estimated actual. The increase is 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

Income Statement

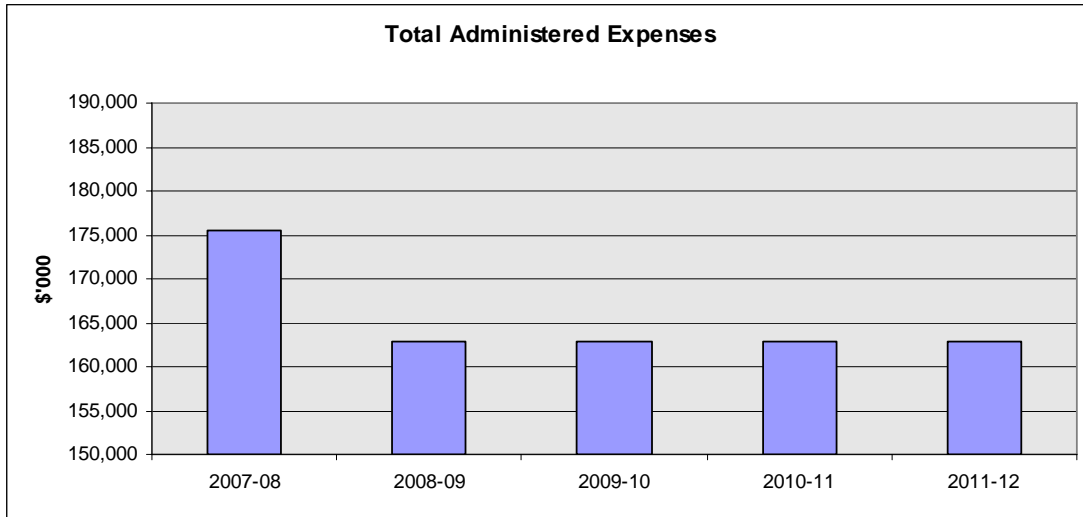
It is estimated that ACMA will receive non-appropriation revenue on behalf of the Government of \$690.861m, a decrease of \$10.778m from the 2007-08 estimated actual. The change is primarily due to:

- a decrease of \$1.748m in broadcasting licence fees;
- an increase of \$2.628m in radiocommunication charges;
- an increase of \$0.932m in telecommunication charges; and
- a decrease of \$12.616m in the Universal Service Levy.

Administered expenses are estimated to be \$162.926m, a decrease of \$12.597m from the 2007-08 estimated actual. The change is due primarily to:

- a decrease of \$12.616m in the Universal Service Levy.

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



3.2.3 Budgeted financial statements tables

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

**Table 3.2.1: Budgeted departmental income statement
(for the period ending 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 | 97,229 | 93,013 | 88,168 | 88,101 | 88,510 |
| Goods and services | 1,480 | 1,482 | 1,484 | 1,484 | 1,484 |
| Total revenue | 98,709 | 94,495 | 89,652 | 89,585 | 89,994 |
| Total income | 98,709 | 94,495 | 89,652 | 89,585 | 89,994 |
| EXPENSE | | | | | |
| Employees | 53,709 | 54,597 | 55,336 | 57,188 | 56,980 |
| Suppliers | 39,589 | 33,093 | 26,839 | 24,183 | 24,747 |
| Depreciation and amortisation | 5,415 | 6,760 | 7,432 | 8,169 | 8,222 |
| Finance costs | 45 | 45 | 45 | 45 | 45 |
| Total expenses | 98,758 | 94,495 | 89,652 | 89,585 | 89,994 |
| Surplus (Deficit) before income tax | -49 | - | - | - | - |
| Income tax expense | | | | | |
| Surplus/(Deficit) | - | - | - | - | - |
| Surplus (deficit) attributable to the Australian Government | -49 | - | - | - | - |

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 | 4,296 | 4,296 | 4,296 | 4,296 | 4,296 |
| Trade and other Receivables | 33,202 | 30,639 | 26,132 | 26,497 | 26,145 |
| Other | 537 | 537 | 537 | 537 | 537 |
| Total financial assets | 38,035 | 35,472 | 30,965 | 31,330 | 30,978 |
| Non-financial assets | | | | | |
| Land and buildings | 11,754 | 12,372 | 11,967 | 13,443 | 14,919 |
| Infrastructure, plant and equipment | 2,871 | 3,271 | 3,303 | 3,198 | 2,990 |
| Intangibles | 3,683 | 9,565 | 15,409 | 14,643 | 13,877 |
| Other | 954 | 954 | 954 | 954 | 954 |
| Total non-financial assets | 19,262 | 26,162 | 31,633 | 32,238 | 32,740 |
| Total assets | 57,297 | 61,634 | 62,598 | 63,568 | 63,718 |
| LIABILITIES | | | | | |
| Interest bearing liabilities | | | | | |
| Leases | 802 | 802 | 802 | 802 | 802 |
| Other | 2,567 | 2,567 | 2,567 | 2,567 | 2,567 |
| Total interest bearing liabilities | 3,369 | 3,369 | 3,369 | 3,369 | 3,369 |
| Provisions | | | | | |
| Employees | 14,381 | 15,024 | 15,692 | 16,387 | 16,387 |
| Other | 1,253 | 1,253 | 1,253 | 1,253 | 1,253 |
| Total provisions | 15,634 | 16,277 | 16,945 | 17,640 | 17,640 |
| Payables | | | | | |
| Suppliers | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Other | 22 | 22 | 22 | 22 | 22 |
| Total payables | 3,022 | 3,022 | 3,022 | 3,022 | 3,022 |
| Liabilities included in disposal groups held for sale | | | | | |
| Total liabilities | 22,025 | 22,668 | 23,336 | 24,031 | 24,031 |
| Net assets | 35,272 | 38,966 | 39,262 | 39,537 | 39,687 |
| EQUITY | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 23,522 | 27,216 | 27,512 | 27,787 | 27,937 |
| Reserves | 10,709 | 10,709 | 10,709 | 10,709 | 10,709 |
| Retained surpluses or accumulated deficits | 1,041 | 1,041 | 1,041 | 1,041 | 1,041 |
| Total parent entity interest | 35,272 | 38,966 | 39,262 | 39,537 | 39,687 |
| Total equity | 35,272 | 38,966 | 39,262 | 39,537 | 39,687 |
| Current assets | 38,989 | 36,426 | 31,919 | 32,284 | 31,932 |
| Non-current assets | 18,308 | 25,208 | 30,679 | 31,284 | 31,786 |
| Current liabilities | 16,518 | 17,081 | 17,665 | 18,273 | 18,273 |
| Non-current liabilities | 5,507 | 5,587 | 5,671 | 5,758 | 5,758 |

Prepared on Australian Accounting Standards basis

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ending 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 | 1,470 | 1,476 | 1,480 | 1,484 | 1,484 |
| Appropriations | 98,012 | 91,177 | 89,275 | 87,331 | 88,457 |
| Other | 4,307 | 3,457 | 2,832 | 2,567 | 2,623 |
| Total cash received | 103,789 | 96,110 | 93,587 | 91,382 | 92,564 |
| Cash used | | | | | |
| Employees | 53,385 | 53,954 | 54,668 | 56,493 | 56,980 |
| Suppliers | 41,600 | 33,093 | 26,840 | 24,183 | 24,747 |
| Borrowing costs | 45 | 45 | 45 | 45 | 45 |
| Other | 4,307 | 3,457 | 2,832 | 2,567 | 2,623 |
| Total cash used | 99,337 | 90,549 | 84,385 | 83,288 | 84,395 |
| Net cash from or (used by) operating activities | 4,452 | 5,561 | 9,202 | 8,094 | 8,169 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 3,321 | 13,255 | 12,498 | 8,369 | 8,319 |
| Other | - | - | - | - | - |
| Total cash used | 3,321 | 13,255 | 12,498 | 8,369 | 8,319 |
| Net cash from or (used by) investing activities | -3,321 | -13,255 | -12,498 | -8,369 | -8,319 |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations - contributed equity | 579 | 7,694 | 3,296 | 275 | 150 |
| Total cash received | 579 | 7,694 | 3,296 | 275 | 150 |
| Net cash from or (used by) financing activities | 579 | 7,694 | 3,296 | 275 | 150 |
| Net increase or (decrease) in cash held | 1,710 | - | - | - | - |
| Cash at the beginning of period | 2,586 | 4,296 | 4,296 | 4,296 | 4,296 |
| Cash at the end of the reporting period | 4,296 | 4,296 | 4,296 | 4,296 | 4,296 |

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 | Asset revaluation reserve | Other reserves | Contributed equity/ capital | Total equity |
|---|----------------------|---------------------------------|-------------------|-----------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance as at 1 July 2008 | | | | | |
| Balance carried forward from previous period | 1,041 | 10,709 | - | 23,522 | 35,272 |
| Adjusted opening balance | 1,041 | 10,709 | - | 23,522 | 35,272 |
| <i>Contribution by owners</i> | | | | | |
| Appropriation (equity injection) | - | - | - | 3,694 | 3,694 |
| Other: | - | - | - | - | - |
| Sub-total transactions with owners | - | - | - | 3,694 | 3,694 |
| Transfers between equity components | - | - | - | - | - |
| Estimated closing balance as at 30 June 2009 | 1,041 | 10,709 | - | 27,216 | 38,966 |

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 | | | | | |
| Taxation | | | | | |
| Other taxes, fees and fines | 479,689 | 480,569 | 485,023 | 488,023 | 490,023 |
| Total taxation | 479,689 | 480,569 | 485,023 | 488,023 | 490,023 |
| Non-taxation | | | | | |
| Other sources of non-taxation revenues | 217,450 | 205,792 | 207,037 | 207,282 | 207,615 |
| Total non-taxation | 217,450 | 205,792 | 207,037 | 207,282 | 207,615 |
| Total revenues administered on behalf of Government | 697,139 | 686,361 | 692,060 | 695,305 | 697,638 |
| Gains | | | | | |
| Sale of assets | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Total gains administered on behalf of Government | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Total income administered on behalf of Government | 701,639 | 690,861 | 696,560 | 699,805 | 702,138 |
| EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Subsidies | 157,692 | 145,076 | 145,076 | 145,076 | 145,076 |
| Suppliers | 17,831 | 17,850 | 17,850 | 17,850 | 17,850 |
| Total expenses administered on behalf of Government | 175,523 | 162,926 | 162,926 | 162,926 | 162,926 |

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 | 42,309 | 43,241 | 43,892 | 43,878 | 43,864 |
| Other financial assets | 288,283 | 286,535 | 288,308 | 288,574 | 287,785 |
| Total financial assets | 330,592 | 329,776 | 332,200 | 332,452 | 331,649 |
| Total non-financial assets | - | - | - | - | - |
| Total assets administered on behalf of Government | 330,592 | 329,776 | 332,200 | 332,452 | 331,649 |
| LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Total interest bearing liabilities | | | | | |
| | - | - | - | - | - |
| Provisions | | | | | |
| Employees | - | - | - | - | - |
| Taxation refunds provided | - | - | - | - | - |
| Australian currency on issue | - | - | - | - | - |
| Other provisions | 3,467 | 3,467 | 3,467 | 3,467 | 3,467 |
| Total provisions | 3,467 | 3,467 | 3,467 | 3,467 | 3,467 |
| Payables | | | | | |
| Other payables | 4,375 | 4,375 | 4,375 | 4,375 | 4,375 |
| Total payables | 4,375 | 4,375 | 4,375 | 4,375 | 4,375 |
| Total liabilities administered on behalf of Government | 7,842 | 7,842 | 7,842 | 7,842 | 7,842 |

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 | | | | | |
| Taxes | 465,022 | 482,317 | 483,250 | 487,757 | 490,812 |
| Net GST received | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Other | 111,346 | 109,378 | 110,904 | 111,814 | 111,647 |
| Total cash received | 583,515 | 598,414 | 600,873 | 606,290 | 609,178 |
| Cash used | | | | | |
| Subsidies paid | 54,347 | 49,394 | 49,394 | 49,394 | 49,394 |
| Suppliers | 16,742 | 17,850 | 17,850 | 17,850 | 17,850 |
| Net GST paid | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Total cash used | 78,236 | 73,963 | 73,963 | 73,963 | 73,963 |
| Net cash from or (used by) operating activities | 505,279 | 524,451 | 526,910 | 532,327 | 535,215 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment and intangibles | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Total cash received | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Cash used | | | | | |
| Total cash used | - | - | - | - | - |
| Net cash from or (used by) investing activities | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Cash from Official Public Account | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Total cash received | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Cash used | | | | | |
| Cash to Official Public Account | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Total cash used | 7,147 | 6,719 | 6,719 | 6,719 | 6,719 |
| Net cash from or (used by) financing activities | - | - | - | - | - |
| Net increase or (decrease) in cash held | | | | | |
| Cash at beginning of reporting period | 509,779 | 528,951 | 531,410 | 536,827 | 539,715 |
| Cash at beginning of reporting period | 3,959 | - | - | - | - |
| Cash from Official Public Account for: | | | | | |
| - appropriations | 7,209 | 6,819 | 6,819 | 6,819 | 7,319 |
| - special accounts | 70,808 | 66,944 | 66,944 | 66,944 | 66,944 |
| Cash to Official Public Account for: | | | | | |
| - special accounts | 70,808 | 66,944 | 66,944 | 66,944 | 66,944 |
| - other | 520,947 | 535,770 | 538,229 | 543,646 | 547,034 |
| Cash at end of reporting period | - | - | - | - | - |

Prepared on Australian Accounting Standards basis

3.2.4 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.