

## INDEPENDENT AUDIT REPORT

To the Minister for the Environment and Heritage

### Scope

#### *The financial statements and Director of Meteorology's responsibility*

The financial statements comprise:

- Statement by the Director of Meteorology and the Deputy Director (Corporate Activities),
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Bureau of Meteorology for the year ended 30 June 2005.

The Director of Meteorology is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Bureau of Meteorology, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia. The Director of Meteorology is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit approach*

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

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

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

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

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

### ***Independence***

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

### **Audit Opinion**

In my opinion, the financial statements of the Bureau of Meteorology:

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

### **Other Statutory Matters**

As detailed in Note 18 of the financial statements, the Bureau of Meteorology has contravened section 83 of the Constitution and has therefore also breached section 48 of the *Financial Management and Accountability Act 1997*.

Australian National Audit Office



John Jones  
Executive Director

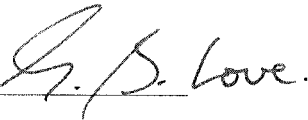
Delegate of the Auditor-General

Canberra  
25 November 2005

**BUREAU OF METEOROLOGY  
STATEMENT BY THE DIRECTOR OF METEOROLOGY AND DEPUTY DIRECTOR  
(CORPORATE ACTIVITIES)**

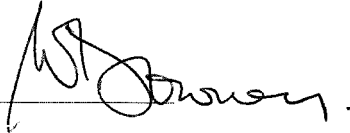
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In our opinion, the attached financial statements for the year ended 30 June 2005 have been prepared based on properly maintained financial records (except for those matters detailed in Note 18) and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997, as amended*.

Signed:  G. B. Love.

Dr. G. Love  
Director of Meteorology

25 November 2005

Signed:  W. K. Downey.

Dr. W. K. Downey  
Deputy Director (Corporate Activities)

25 November 2005

**BUREAU OF METEOROLOGY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 30 June 2005*

	Notes	2005 \$'000	2004 \$'000
<b>REVENUE</b>			
<b>Revenues from Ordinary Activities</b>			
Revenues from Government	3.1	190,900	197,764
Goods and Services	3.2	17,048	15,191
Revenue from sale of assets	4.4	66	379
Other revenues	3.3	1,496	227
<b>Revenues from Ordinary Activities</b>		<b>209,510</b>	<b>213,561</b>
<b>EXPENSE</b>			
<b>Expenses from Ordinary Activities</b>			
Employees	4.1	114,994	110,679
Suppliers	4.2	61,736	65,771
Depreciation and amortisation	4.3	39,733	31,839
Value of assets sold	4.4	78	205
Write-down of assets	4.5	579	522
Other expenses	4.6	1,086	1,112
<b>Expenses from Ordinary Activities</b>		<b>218,206</b>	<b>210,128</b>
<b>Operating (Deficit) or Surplus from Ordinary Activities</b>		<b>(8,696)</b>	<b>3,433</b>
Net credit to asset revaluation reserve	10	35,033	19,319
<b>Total Revenues, Expenses and Valuation Adjustments Attributable to Members of the Parent Entity and Recognised Directly in Equity</b>		<b>35,033</b>	<b>19,319</b>
<b>Total Changes In Equity other than those resulting from transactions with Owners as Owners</b>		<b>26,337</b>	<b>22,752</b>

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

**BUREAU OF METEOROLOGY**  
**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash	5.1	2,587	3,155
Receivables	5.2	3,116	4,821
Accrued revenues	5.3	845	379
<b>Total Financial Assets</b>		<b>6,548</b>	<b>8,355</b>
<b>Non-Financial Assets</b>			
Land and buildings	6.1	81,841	40,799
Infrastructure, plant and equipment	6.2	188,451	184,405
Intangibles	6.3	15,593	16,307
Inventories	6.7	8,954	9,551
Other Non-financial assets	6.8	6,450	7,317
<b>Total Non-Financial Assets</b>		<b>301,289</b>	<b>258,379</b>
<b>Total Assets</b>		<b>307,837</b>	<b>266,734</b>
<b>LIABILITIES</b>			
<b>Non Interest Bearing Liabilities</b>			
Other non interest bearing liabilities	7.1	455	-
<b>Total Non Interest Bearing Liabilities</b>		<b>455</b>	<b>-</b>
<b>Provisions</b>			
Employees	8.1	59,790	59,364
<b>Total Provisions</b>		<b>59,790</b>	<b>59,364</b>
<b>Payables</b>			
Suppliers	9.1	9,803	7,739
Other payables	9.2	8,547	6,126
Liabilities on Restructuring	9.3	25,464	-
<b>Total Payables</b>		<b>43,814</b>	<b>13,865</b>
<b>Total Liabilities</b>		<b>104,059</b>	<b>73,229</b>
<b>NET ASSETS</b>		<b>203,778</b>	<b>193,505</b>
<b>EQUITY</b>			
Contributed equity	10	134,875	150,939
Reserves	10	57,375	22,342
Retained surpluses	10	11,528	20,224
<b>TOTAL EQUITY</b>		<b>203,778</b>	<b>193,505</b>
<b>Current Assets</b>		<b>15,083</b>	<b>15,983</b>
<b>Non-Current Assets</b>		<b>292,754</b>	<b>250,751</b>
<b>Current Liabilities</b>		<b>62,799</b>	<b>33,552</b>
<b>Non-Current Liabilities</b>		<b>41,260</b>	<b>39,677</b>

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

**BUREAU OF METEOROLOGY**  
**STATEMENT OF CASH FLOWS**  
*for the year ended 30 June 2005*

	Notes	2005 \$'000	2004 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash Received</b>			
Goods and services		21,265	17,420
Appropriations		190,755	197,664
Net GST received from the ATO		7,048	9,073
<b>Total Cash Received</b>		<u>219,068</u>	<u>224,157</u>
<b>Cash Used</b>			
Employees		(115,010)	(112,076)
Suppliers		(64,208)	(72,143)
Other		(1,132)	(1,027)
Net Cash transferred from the OPA		1,720	2,428
<b>Total Cash Used</b>		<u>(178,630)</u>	<u>(182,818)</u>
<b>Net Cash From or (Used By) Operating Activities</b>	11.2	<u>40,438</u>	<u>41,339</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Received</b>			
Proceeds from sales of property, plant and equipment		66	379
<b>Total Cash Received</b>		<u>66</u>	<u>379</u>
<b>Cash Used</b>			
Purchase of property, plant and equipment & intangibles		(50,472)	(47,880)
<b>Total Cash Used</b>		<u>(50,472)</u>	<u>(47,880)</u>
<b>Net Cash From or (Used By) Investing Activities</b>		<u>(50,406)</u>	<u>(47,501)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Received</b>			
Appropriations - contributed equity		9,400	6,300
<b>Total Cash Received</b>		<u>9,400</u>	<u>6,300</u>
<b>Net Cash From or (Used By) Financing Activities</b>		<u>9,400</u>	<u>6,300</u>
<b>Net Increase or (Decrease) In Cash Held</b>		<b>(568)</b>	138
Cash at the beginning of the reporting period		3,155	3,017
<b>Cash at the End of the Reporting Period</b>	11.1	<u>2,587</u>	<u>3,155</u>

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

**BUREAU OF METEOROLOGY  
SCHEDULE OF COMMITMENTS**

as at 30 June 2005

	2005 \$'000	2004 \$'000
<b>BY TYPE</b>		
<b>Capital Commitments</b>		
Land and buildings (1)	-	-
Infrastructure, plant and equipment (2)	2,912	15,706
<b>Total Capital Commitments</b>	<u>2,912</u>	<u>15,706</u>
<b>Other Commitments</b>		
Operating leases (3)	118,959	106,400
Other commitments (4)	2,064	2,046
<b>Total Other Commitments</b>	<u>121,023</u>	<u>108,446</u>
<b>Commitments Receivable</b>	-	-
<b>Net Commitments by Type</b>	<u>123,935</u>	<u>124,152</u>
<b>BY MATURITY</b>		
<b>Capital Commitments</b>		
One year or less	1,716	1,317
From one to five years	1,196	14,389
<b>Total Capital Commitments</b>	<u>2,912</u>	<u>15,706</u>
<b>Operating Lease Commitments</b>		
One year or less	12,387	11,810
From one to five years	46,111	41,786
Over five years	60,461	52,804
<b>Total Operating Lease Commitments</b>	<u>118,959</u>	<u>106,400</u>
<b>Other Commitments</b>		
One year or less	648	667
From one to five years	1,176	1,139
Over five years	240	240
<b>Total Other Commitments</b>	<u>2,064</u>	<u>2,046</u>
<b>Net Commitments by Maturity</b>	<u>123,935</u>	<u>124,152</u>

NB: Commitments are GST inclusive where relevant.

(1) Outstanding contractual payments for building under construction.

(2) Plant and equipment commitments are primarily contracts for purchases of furniture and fittings for new building.

**BUREAU OF METEOROLOGY**  
**SCHEDULE OF COMMITMENTS** Continued  
*as at 30 June 2005*

(3) Operating leases included are effectively non-cancellable and include:

<i>Nature of lease</i>	<i>General description of leasing arrangements</i>
Leases for office accommodation	Lease payments are subject to increases in accordance with terms as negotiated under the lease. The periods of office accommodation leases are able to be renewed at the Bureau's option as allowed under the lease terms.

(4) Other commitments relate to contracts for goods and services in respect of which the contracted party has yet to provide the goods and services required under the contract.

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

<b>2005</b>	<b>2004</b>
<b>\$'000</b>	<b>\$'000</b>

**SCHEDULE OF CONTINGENCIES**

Contingent Assets		
Estimated Special Account Balance Due from DEH (1)	<u><b>245,776</b></u>	<u>245,776</u>
<b>Net Contingent Assets</b>	<u><b>245,776</b></u>	<u>245,776</u>

(1) Refer Note 20

**BUREAU OF METEOROLOGY**  
**SCHEDULE OF ADMINISTERED ITEMS**

	Notes	2005 \$'000	2004 \$'000
<b>Revenues Administered on Behalf of Government</b> <i>for the year ended 30 June 2005</i>			
<b>Non-Taxation Revenue</b>			
Goods and services	17.1	<u>18,917</u>	<u>16,456</u>
<b>Total Revenues Administered on Behalf of Government</b>		<u>18,917</u>	<u>16,456</u>
<b>Expenses Administered on Behalf of Government</b> <i>for the year ended 30 June 2005</i>			
	17.2	<u>-</u>	<u>-</u>
<b>Total Expenses Administered on Behalf of Government</b>		<u>-</u>	<u>-</u>
This schedule should be read in conjunction with the accompanying notes.			

**BUREAU OF METEOROLOGY**  
**SCHEDULE OF ADMINISTERED ITEMS** (continued)

	Notes	2005 \$'000	2004 \$'000
<b>Assets Administered on Behalf of Government</b> <i>as at 30 June 2005</i>			
<b>Financial Assets</b>			
Receivables	17.3	1,797	1,709
Accrued revenues	17.3	1,400	1,258
<b>Total Assets Administered on Behalf of Government</b>		<u>3,197</u>	<u>2,967</u>
<b>Liabilities Administered on Behalf of Government</b> <i>as at 30 June 2005</i>			
<b>Payables</b>			
Other payables	17.4	14	16
<b>Total Liabilities Administered on Behalf of Government</b>		<u>14</u>	<u>16</u>
<b>Net Assets Administered on Behalf of Government</b>	17.5	<u>3,183</u>	<u>2,951</u>
<b>Current Assets</b>		3,197	2,967
<b>Non-Current Assets</b>		-	-
<b>Current Liabilities</b>		14	16
<b>Non-Current Liabilities</b>		-	-
This schedule should be read in conjunction with the accompanying notes.			

**BUREAU OF METEOROLOGY**  
**SCHEDULE OF ADMINISTERED ITEMS** (continued)

	2005 \$'000	2004 \$'000
<b>Administered Cash Flows</b>		
<i>for the year ended 30 June 2005</i>		
<b>Operating Activities</b>		
<b>Cash Received</b>		
Rendering of services	18,686	16,115
Other - GST received from ATO	1,868	1,615
<b>Total Cash Received</b>	<u>20,554</u>	<u>17,730</u>
<b>Cash Used</b>		
Other - GST paid to ATO	1,869	1,612
<b>Total Cash Used</b>	<u>1,869</u>	<u>1,612</u>
<b>Net Cash From / (Used In) Operating Activities</b>	<u>18,685</u>	<u>16,118</u>
<b>Net Increase / (Decrease) In Cash Held</b>	18,685	16,118
Cash at the beginning of the reporting period	-	-
Cash transfers to OPA	(18,685)	(16,118)
<b>Cash At The End Of The Reporting Period</b>	<u>-</u>	<u>-</u>
This schedule should be read in conjunction with the accompanying notes.		

**BUREAU OF METEOROLOGY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2005*

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<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards
3	Operating Revenues
4	Operating Expenses
5	Financial Assets
6	Non-Financial Assets
7	Interest Bearing Liabilities
8	Provisions
9	Payables
10	Equity
11	Cash Flow Reconciliation
12	Executive Remuneration
13	Remuneration of Auditors
14	Average Staffing Levels
15	Act of Grace Payments, Waivers, and Defective Administration Scheme
16	Financial Instruments
17	Administered Items
18	Appropriations
19	Reporting of Outcomes
20	Assets Held in Trust

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Objectives of the Bureau of Meteorology

The objectives of the Bureau of Meteorology are:

- . *Climate record* - to meet the needs of future generations for reliable homogeneous climatological data;
- . *Scientific understanding* - to advance the science of meteorology and develop an integrated comprehensive description and scientific understanding of Australia's weather and climate;
- . *Community welfare* - to contribute effectively to Australia's national goals through the development and provision of meteorological and related services; and
- . *International cooperation* - to meet Australia's international obligations and advance Australia's interests in and through international meteorology.

The Bureau of Meteorology is structured to meet one outcome, which is to ensure that Australia benefits from meteorological and related science and services.

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

The Bureau of Meteorology has one outcome and four contributing outputs, presented as output groups:

- 1 Meteorological and Related Data and Products
- 2 Meteorological and Related Research
- 3 Meteorological and Related Services
- 4 International Meteorological Activities

#### 1.2 Basis of Accounting

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

The statements have been prepared in accordance with:

- . Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);
- . Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- . Consensus Views of the Urgent Issues Group.

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

## Notes to and forming part of the Financial Statements

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

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

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

Administered revenues, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Agency Items, except where otherwise stated at Note: 1.15.

### 1.3 Revenue

#### *Revenues from Government*

Amounts appropriated for Departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

#### *Resources Received Free of Charge*

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

#### *Other Revenue*

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

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

Revenue from rendering of services is recognised to match expenses incurred on a monthly basis. The balance of revenue is accounted for as unearned.

### 1.4 Transactions with the Government as Owner

#### *Equity Injections*

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

#### *Other distributions to owners*

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2004-05 by agreement with Finance, the Bureau did not return any surplus output appropriation funding to the Official Public Account.

### 1.5 Employee Benefits

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

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

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

#### *Leave*

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

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

The liability for recreation leave has been determined by reference to the work of an actuary as at 30 June 2005. All recreation leave is deemed to be current. The estimated value of the liability takes into account attrition rates and pay increases through promotion and inflation.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

## Notes to and forming part of the Financial Statements

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### *Separation and redundancy*

Provision is made for separation and redundancy payments in circumstances where the Bureau has invited an employee to accept voluntary redundancy, the employee has accepted the offer, and a reliable estimate of the amount of the payments can be determined.

### *Superannuation*

Staff of the Bureau are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Bureau makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Bureau's employees.

## **1.6 Leases**

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

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Where interest is charged, the lease payments are allocated between the principal component and the interest expense.

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

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

## **1.7 Cash**

Cash means notes, coins and cheques held and any deposits held at call with a bank or financial institution. Surplus non lapsing appropriations returned to the Official Public Account are recognised as Appropriation Receivable. Cash is recognised at its nominal amount.

## Notes to and forming part of the Financial Statements

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### 1.8 Acquisition of Assets

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

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

### 1.9 Property, Plant and Equipment

#### *Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### *Revaluations*

#### *Basis*

Land, buildings, plant and equipment are carried at cost and valuation.

Fair values for each class of asset are determined as shown below.

Asset Class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price or depreciated replacement cost
Leasehold Improvements	Depreciated replacement cost
Plant and equipment	Market selling price or depreciated replacement cost

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

A revaluation was undertaken during 2004-05. The total financial effect was to increase the carrying amount of property, plant and equipment by \$35.033 million and increase revaluation reserves by a corresponding amount. The financial effect of the change is given by the difference between the carrying amount at 30 June 2004 of these assets and their fair values as at 1 July 2004. This financial effect by class is as follows:

## Notes to and forming part of the Financial Statements

Asset Class	Increment/ (decrement) to asset class \$ 000's	Contra Account
Land	-	Revaluation Reserve
Buildings	43,479	Revaluation Reserve
Plant and equipment	(8,446)	Revaluation Reserve

### *Frequency*

Land, buildings, plant and equipment are revalued progressively in successive three-year cycles. Assets subject to impairment were included in the revaluation exercise.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

### *Conduct*

All valuations are conducted by an independent qualified valuer.

### *Depreciation*

Depreciable property, 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.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

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

	2005	2004
Buildings on freehold land	<b>5 to 40 Years</b>	5 to 40 Years
Special Purpose Buildings on Australian Government land	<b>40 Years</b>	40 Years
Leasehold improvements	<b>Lease term</b>	Lease term
Plant and equipment	<b>2 to 15 Years</b>	2 to 15 Years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4.3.

### 1.10 Impairment of Non-current Assets

Non-current assets carried at up to date fair value at the reporting date are subject to impairment testing.

The non-current assets (excluding internally developed software) are carried at cost.

### 1.11 Intangibles

The Bureau's intangibles comprise software licences, purchased software and internally developed software. The software is all carried at cost.

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

However, the Finance Minister's Orders now requires such assets, if carried on the cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets must be written down to the higher of its net market selling price or depreciated replacement cost.

Amortisation rates applying to intangible assets vary between 3 to 24 years.

### 1.12 Inventories

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

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

Costs have been assigned to inventory quantities on hand at balance date using the average cost cost basis.

### 1.13 Foreign Currency

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

## Notes to and forming part of the Financial Statements

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### 1.14 Rounding

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

- Note 12 - Executive remuneration;
- Note 13 - Services provided by the Auditor-General;
- Note 15 - Act of grace payments, waivers and defective administration scheme; and
- Note 18 - Appropriations.

### 1.15 Reporting of Administered Activities

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

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

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

These transfers of cash are reported as administered (operating) cash flows and in the Administered Reconciliation Table in Note 17.5.

#### *Revenue*

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

Administered fee revenue is recognised when access occurs. Administered fines are recognised in the period in which the breach occurs.

### 1.16 Schedule of Contingencies

Except as disclosed in the statement by the Director of Meteorology and Deputy Director (Corporate Activities), Schedule of Contingencies and in Note 20, the Bureau of Meteorology does not have any other contingent liabilities or assets to report.

### 1.17 Schedule of Administered Items - Commitments/Contingencies

The Bureau of Meteorology does not have any administered commitments nor any administered contingent liabilities or assets to report.

### 2 ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS FROM 2005-2006.

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

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS, and therefore the Bureau will only be able to assert that its financial report has been prepared in accordance with Australian Accounting Standards.

*AAS 29 Financial Reporting by Government Departments* will continue to apply under AEIFRS.

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

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

The purpose of this Note is to make these disclosures.

#### *Management of the transition to AEIFRS*

The Bureau is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian Equivalents of International Financial Reporting Standards which will be applicable for the financial year ended 30 June 2006. The Bureau allocated internal resources and the Department of Environment and Heritage engaged external expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AEIFRS. As a result, the Bureau established project teams to address each of the areas in order of priority. An AEIFRS project team was established to oversee the progress of each of the progress teams and make necessary decisions.

A transitional balance sheet as at 1 July 2004 under AEIFRS has been completed and is waiting for ANAO clearance. This will form the basis of accounting for AEIFRS in the future, and is required when the Bureau prepares its first fully AEIFRS compliant financial report for the year ending 30 June 2006.

The 2004-05 balance sheet under AEIFRS will be reported to the Department of Finance and Administration in line with their reporting deadlines.

## Notes to and forming part of the Financial Statements

### Major Changes in Accounting Policy

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

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July 2004 opening balance sheet, no exemptions were applied by the Bureau.

Set out below are the key areas where accounting policies are expected to change on adoption of AEIFRS and management's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on the net deficit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects to transition to AEIFRS may differ from the estimates disclosed due to:

- (a) ongoing work being undertaken by the AEIFRS project teams;
- (b) potential amendments to AEIFRSs and interpretations thereof being issued by the standard-setters and International Financial Reporting Interpretations Committee (IFRIC); and
- (c) emerging accepted practice in the interpretation and application of AEIFRS and UIG Interpretations.

#### (i) Reconciliation of equity and net deficit as presented under previous AGAAP to that under AEIFRS

		30 June 2005* \$'000	1 July 2004 \$'000
<b>Reconciliation of Equity</b>			
Total equity under AGAAP		203,778	193,505
Adjustments to accumulated results	A B	(4,796)	(3,537)
Adjustment to comparatives to correct material prior period error	C	-	(25,464)
<b>Total Equity under AEIFRS</b>		198,982	164,504
<b>Reconciliation of Accumulated Results</b>			
Total Accumulated Results under AGAAP		11,528	20,224
Adjustments:			
Assets - Carrying Value	B	(4,136)	(4,136)
Provisions - Employees	A	959	599
Depreciation	B	(1,619)	-
<b>Total Accumulated Results under AEIFRS</b>		6,732	16,687

## Notes to and forming part of the Financial Statements

### Reconciliation of Reserves

Total Reserves under AGAAP	57,375	22,342
Adjustment:		
Asset Revaluation Reserve	-	-
<b>Total Reserves under AEIFRS</b>	<b>57,375</b>	<b>22,342</b>

### Reconciliation of Contributed Equity

Total Contributed Equity under AGAAP	134,875	150,939
Adjustment:		
Adjustment to comparatives to correct material prior period error	C -	(25,464)
<b>Total Contributed Equity under AEIFRS</b>	<b>134,875</b>	<b>125,475</b>

### Reconciliation of Net deficit from ordinary activities for year ending 30 June 2005

Total Deficit under AGAAP	(8,696)
Adjustments:	
Depreciation	B (1,619)
Provisions - Employees	A 360
<b>Net deficit from ordinary activities under AEIFRS</b>	<b>(9,955)</b>

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

- A AASB 119 *Employee Benefits* has been applied to recreation leave and associated liabilities that are classified as non-current. AASB 119 requires that non-current recreation leave is to be discounted to net present value. An assessment of recreation leave has been undertaken to determine the portion of recreation leave deemed to be non-current. The net present value discount rate is the 10 year Government Bond rate. Currently all recreation leave is classified as current and stated at nominal value.
- B Under AASB 116 *Property, Plant and Equipment*, the Bureau is required to include as part of the cost of its leasehold improvements, an estimate of the costs to remove those improvements at the end of the lease term where such an obligation exists to the lessor. These costs were not recognised under AGAAP but expensed as incurred. A corresponding liability is also to be recognised under AEIFRS in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.
- The Bureau will depreciate any capitalised decommissioning costs relating to its leasehold improvements, resulting in a charge to the income statement. In addition, under AASB 137, the increase in the decommissioning provision relating to the unwinding of the discount will be recognised in the income statement.
- C Under AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Bureau is required to amend and apply a retrospective restatement of comparatives to correct material prior period errors. This arises as AGAAP and AEIFRS have different accounting treatments for prior period errors. Under AGAAP, the error would have been corrected in the period the error was discovered. Accordingly, the \$25,464,432 of non-lapsing appropriations transferred from the DEH to the Bureau without a s32 determination as described in Note 18.1 is adjusted against the equity balance at the date of transition to AEIFRS (1 July 2004).

### **(ii) Impairment of Intangibles and Property, Plant and Equipment**

Under AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for cash generating units of the Bureau and depreciated replacement cost for other assets which would be replaced if the Bureau were deprived of them.

The most significant changes are that, for the Bureau's cash generating units, the recoverable amount is only generally to be measured where there is an indication of impairment. Previously all assets' recoverable amount was tested.

However, an impairment assessment of the Bureau's assets indicated that no adjustments will be required.

### **(iii) Intangible Assets**

The Bureau currently recognises internally-developed software assets on a cost basis. Under AEIFRS the internally-developed software assets will continue to be recognised on a cost basis. As a result there will be no impact to the Bureau's financial statements.

### **(iv) Inventory**

The Bureau recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied.

AEIFRS will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

### **(v) Gains/losses on disposal of assets**

AASB 118 *Revenue* requires a gain (or loss) on disposal of assets to be included as income (or expense) in the income statement. Previously, gross proceeds were treated as revenue and the carrying amount of the asset was included as an expense.

### **(vi) Administered Items**

Assessment of the administered assets and liabilities of the Bureau indicate that there are no adjustments due to the transition to AEIFRS.

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>3 OPERATING REVENUES</b>		
<b>3.1 Revenues from Government</b>		
Appropriations for outputs	190,755	197,664
Revenues received free of charge	145	100
<b><i>Total revenues from government</i></b>	<b><u>190,900</u></b>	<b><u>197,764</u></b>
<b>3.2 Goods and Services</b>		
Provision of Goods	7,316	384
Rendering of Services	9,732	14,807
<b><i>Total sales of goods and services</i></b>	<b><u>17,048</u></b>	<b><u>15,191</u></b>
Provision of goods to:		
Related entities	18	46
External entities	7,298	338
<b><i>Total sales of goods</i></b>	<b><u>7,316</u></b>	<b><u>384</u></b>
Rendering of services to:		
Related entities	8,178	7,276
External entities	1,554	7,531
<b><i>Total rendering of services</i></b>	<b><u>9,732</u></b>	<b><u>14,807</u></b>
Cost of sales of goods	146	179
<b>3.3 Other Revenue</b>		
Repayments of prior years' expenditure	748	103
Other (including inventory recognised for the first time)	748	124
<b><i>Total other revenue</i></b>	<b><u>1,496</u></b>	<b><u>227</u></b>

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>4 OPERATING EXPENSES</b>		
<b>4.1 Employee Expenses</b>		
Wages and Salary	80,064	76,604
Superannuation	20,170	18,330
Leave and other entitlements	10,113	11,189
Other employee expenses	<u>3,698</u>	<u>3,659</u>
<b>Total employee benefits expense</b>	<b>114,045</b>	<b>109,782</b>
Workers compensation premiums	<u>949</u>	<u>897</u>
<b>Total employee expense</b>	<b><u>114,994</u></b>	<b><u>110,679</u></b>

### 4.2 Supplier Expenses

Goods from related entities	43	61
Goods from external entities	9,424	11,085
Services from related entities	6,984	8,632
Services from external entities	33,579	32,245
Operating lease rentals <sup>1</sup>	<u>11,706</u>	<u>13,748</u>
<b>Total supplier expenses</b>	<b><u>61,736</u></b>	<b><u>65,771</u></b>

<sup>1</sup> These comprise minimum lease payments only.

### 4.3 Depreciation and Amortisation

#### Depreciation

Other infrastructure, plant and equipment	30,412	25,468
Buildings	<u>4,733</u>	<u>2,724</u>
<b>Total Depreciation</b>	<b>35,145</b>	<b>28,192</b>

#### Amortisation

Intangibles - Computer Software	<u>4,588</u>	<u>3,647</u>
<b>Total depreciation and amortisation</b>	<b><u>39,733</u></b>	<b><u>31,839</u></b>

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

Land and buildings	4,733	2,724
Infrastructure, plant and equipment	30,412	25,468
Intangibles	<u>4,588</u>	<u>3,647</u>
<b>Total depreciation and amortisation</b>	<b><u>39,733</u></b>	<b><u>31,839</u></b>

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

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>4.4 Net gain/(loss) from sales of assets</b>		
<b>Non-financial assets</b>		
Land and buildings:		
Proceeds from disposal	-	372
Net book value of assets disposed	-	179
<b><i>Net gain/(loss) from disposal of land and buildings</i></b>	<u>-</u>	<u>193</u>
Infrastructure, plant and equipment:		
Proceeds from disposal	66	7
Net book value of assets disposed	78	26
<b><i>Net (Loss) from disposal of infrastructure, plant and equipment</i></b>	<u>(12)</u>	<u>(19)</u>
TOTAL proceeds from disposals	66	379
TOTAL value of assets disposed	(78)	(205)
<b><i>TOTAL net gain/(loss) from disposal of assets</i></b>	<u>(12)</u>	<u>174</u>
<b>4.5 Write-down of Assets</b>		
<b>Non-financial assets</b>		
Infrastructure, plant and equipment - asset write-offs	309	364
Inventories	270	158
<b><i>Total write-down of assets</i></b>	<u>579</u>	<u>522</u>
<b>4.6 Other</b>		
Contribution to World Meteorological Organization	1,086	1,112
<b><i>Total other expenses</i></b>	<u>1,086</u>	<u>1,112</u>

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>5 FINANCIAL ASSETS</b>		
<b>5.1 Cash</b>		
Cash at bank	2,536	3,110
Cash on hand	51	45
<b>Total cash</b>	<b>2,587</b>	<b>3,155</b>
<b>5.2 Receivables</b>		
Goods and services	2,916	2,600
Less: Provision for doubtful debts	(257)	(143)
	2,659	2,457
GST receivable from ATO	457	644
Appropriation receivable	-	1,720
<b>Total receivables (net)</b>	<b>3,116</b>	<b>4,821</b>
All receivables are current assets.		
Receivables (gross) are aged as follows:		
Current	2,218	4,291
Overdue by:		
Less than 30 days	485	365
30 to 60 days	260	161
61 to 90 days	152	3
More than 90 days	258	144
	1,155	673
<b>Total receivables (gross)</b>	<b>3,373</b>	<b>4,964</b>
The provision for doubtful debt is aged as follows:		
Current	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(257)	(143)
<b>Total provision for doubtful debts</b>	<b>(257)</b>	<b>(143)</b>
<b>5.3 Accrued Revenues</b>		
Goods and services	845	379
<b>Total accrued revenues</b>	<b>845</b>	<b>379</b>
All accrued revenues are current assets.		

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>6 NON-FINANCIAL ASSETS</b>		
<b>6.1 Land and Buildings</b>		
<i>Freehold Land</i>		
at cost	102	102
at fair value	4,848	4,848
<b><i>Total freehold land</i></b>	<b><u>4,950</u></b>	<b><u>4,950</u></b>
<i>Buildings</i>		
at cost	1,886	11,703
accumulated depreciation	(35)	(903)
	<u>1,851</u>	<u>10,800</u>
at fair value	79,150	26,886
accumulated depreciation	(4,698)	(2,434)
	<u>74,452</u>	<u>24,452</u>
Work in Progress	<u>588</u>	<u>597</u>
<b><i>Total Buildings</i></b>	<b><u>76,891</u></b>	<b><u>35,849</u></b>
<b><i>Total Land and Buildings</i></b>	<b><u>81,841</u></b>	<b><u>40,799</u></b>

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>6.2 Infrastructure, Plant and Equipment</b>		
<b><i>Plant and Equipment</i></b>		
at cost	61,487	69,786
accumulated depreciation	<u>(8,569)</u>	<u>(9,890)</u>
	<u>52,918</u>	<u>59,896</u>
at fair value	150,031	111,860
accumulated depreciation	<u>(41,500)</u>	<u>(27,704)</u>
	<u>108,531</u>	<u>84,156</u>
Work in Progress	<u>27,002</u>	<u>40,353</u>
<b><i>Total Infrastructure, Plant and Equipment</i></b>	<u><b>188,451</b></u>	<u><b>184,405</b></u>

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2004-05, the revaluations were conducted by an independent valuer, Australian Valuation Office.

Revaluation increment of \$43,479,000 for buildings (2004: increment \$3,185,000) and decrements of \$8,446,000 for plant and equipment (2004: increment \$15,011,000) were made to the asset revaluation reserve.

## Notes to and forming part of the Financial Statements

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	2005 \$'000	2004 \$'000
<b>6.3 Intangibles</b>		
Purchased Computer Software - at cost	12,112	11,105
accumulated depreciation	<u>(8,025)</u>	<u>(6,626)</u>
	<u>4,087</u>	<u>4,479</u>
Developed Computer Software - at cost	23,885	20,832
accumulated amortisation	<u>(13,184)</u>	<u>(9,995)</u>
	<u>10,701</u>	<u>10,837</u>
Developed Computer Software - Work in Progress	<u>805</u>	<u>991</u>
<b><i>Total Intangibles</i></b>	<u><u>15,593</u></u>	<u><u>16,307</u></u>

## Note 6.4 Analysis of Property, Plant, Equipment and Intangibles

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

Item	Land (\$'000)	Buildings (\$'000)	Total Land and Buildings (\$'000)	Other infrastructure, plant and equipment (\$'000)	Computer Software (\$'000)	Other Intangibles (\$'000)
As at 1 July 2004						
Gross book value	4,950	39,187	44,137	221,999	32,928	-
Accumulated depreciation/amortisation	-	3,338	3,338	37,594	16,621	-
Opening Net Book Value	4,950	35,849	40,799	184,405	16,307	-
Additions:						
by purchase	-	2,296	2,296	43,291	3,874	-
Net Revaluation increment/(decrement)	-	43,479	43,479	(8,446)	-	-
Depreciation/amortisation expense	-	4,733	4,733	30,412	4,588	-
Recoverable amount write-downs	-	-	-	-	-	-
Other movements (give details below)	-	-	-	-	-	-
Disposals:						
other disposals (sales and write-downs)	-	-	-	387	-	-
As at 30 June 2005						
Gross Book Value	4,950	81,624	86,574	238,520	36,802	-
Accumulated depreciation/amortisation	-	4,733	4,733	50,069	21,209	-
Closing Net Book Value	4,950	76,891	81,841	188,451	15,593	-

Note 6.5 Analysis of Property, Plant, Equipment and Intangibles

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

Item	Land (\$'000)	Buildings (\$'000)	Total Land and Buildings (\$'000)	Other infrastructure, plant and equipment (\$'000)	Computer Software (\$'000)	Other Intangibles (\$'000)
<b>As at 30 June 2005</b>						
Gross value	4,848	79,150	83,998	150,031	-	-
Accumulated depreciation/amortisation	-	(4,698)	(4,698)	(41,500)	-	-
<b>Net book value</b>	<b>4,848</b>	<b>74,452</b>	<b>79,300</b>	<b>108,531</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2004</b>						
Gross value	4,848	26,886	31,734	111,860	-	-
Accumulated depreciation/amortisation	-	(2,434)	(2,434)	(27,704)	-	-
<b>Net book value</b>	<b>4,848</b>	<b>24,452</b>	<b>29,300</b>	<b>84,156</b>	<b>-</b>	<b>-</b>

Note 6.6 Analysis of Property, Plant, Equipment and Intangibles

Table C - Property, Plant and Equipment and Intangibles under Construction

Item	Buildings (\$'000)	Other infrastructure, plant and equipment (\$'000)	Computer Software (\$'000)	Other Intangibles (\$'000)	Total (\$'000)
<b>Gross value at 30 June 2005</b>	<b>588</b>	<b>27,002</b>	<b>805</b>	<b>-</b>	<b>28,395</b>
<b>Gross value at 30 June 2004</b>	<b>597</b>	<b>40,353</b>	<b>891</b>	<b>-</b>	<b>41,941</b>

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>6.7 Inventories</b>		
Finished goods held for sale (cost)	117	148
<i>less</i> Provision for obsolescence	<u>(4)</u>	<u>(4)</u>
Total inventories held for sale	113	144
Finished goods not held for sale (cost)	9,237	9,679
<i>less</i> Provision for obsolescence	<u>(396)</u>	<u>(272)</u>
Total inventories not held for sale	8,841	9,407
<b>Total inventories</b>	<b><u>8,954</u></b>	<b><u>9,551</u></b>
Inventories are represented by:		
Current	2,090	2,065
Non-current	<u>6,864</u>	<u>7,486</u>
	<b><u>8,954</u></b>	<b><u>9,551</u></b>
<b>6.8 Other Non Financial Assets</b>		
Prepayments - suppliers	1,792	2,584
Prepayments - purchase of non-financial assets	<u>4,658</u>	<u>4,733</u>
<b>Total other non-financial assets</b>	<b><u>6,450</u></b>	<b><u>7,317</u></b>
Other non-financial assets are represented by:		
Current	6,445	5,563
Non-current	<u>5</u>	<u>1,754</u>
	<b><u>6,450</u></b>	<b><u>7,317</u></b>

### 6.9 Assets not recognised

Meteorological intellectual property has not been recognised due to difficulties in the application of the control criteria. Most of the meteorological intellectual property is governed by provisions of international treaties or policies on public ownership of meteorological information and therefore brings into doubt whether the asset recognition criteria are met.

## Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
<b>7 NON INTEREST BEARING LIABILITIES</b>		
<b>7.1 Other Non Interest Bearing Liabilities</b>		
Lease incentives	<u>455</u>	<u>-</u>
Other non interest bearing liabilities are represented by:		
Current	96	-
Non-current	359	-
<b><i>Total other non interest bearing liabilities</i></b>	<u>455</u>	<u>-</u>
<b>8 PROVISIONS</b>		
<b>8.1 Employee Provisions</b>		
Salaries and wages	1,333	-
Leave	57,708	58,681
Superannuation	155	-
Other	594	683
<b><i>Aggregate employee entitlement liability</i></b>	<u>59,790</u>	<u>59,364</u>
Workers' compensation	-	-
<b><i>Aggregate employee benefit liability and related on-costs</i></b>	<u>59,790</u>	<u>59,364</u>
Employee provisions are represented by:		
Current	26,722	25,948
Non-current	33,068	33,416
<b><i>Total employee provisions</i></b>	<u>59,790</u>	<u>59,364</u>
<b>9 PAYABLES</b>		
<b>9.1 Supplier Payables</b>		
Operating lease rentals	47	16
Trade creditors	9,756	7,723
<b><i>Total supplier payables</i></b>	<u>9,803</u>	<u>7,739</u>
Supplier payables are represented by:		
Current	1,970	1,478
Non-current	7,833	6,261
<b><i>Total supplier payables</i></b>	<u>9,803</u>	<u>7,739</u>
Settlement is usually made net 30 days.		
<b>9.2 Other Payables</b>		
Unearned revenue	7,813	5,607
Other (including accrued goods and services expenses)	734	519
<b><i>Total other payables</i></b>	<u>8,547</u>	<u>6,126</u>

All other payables are current liabilities.

## Notes to and forming part of the Financial Statements

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	2005 \$'000	2004 \$'000
<b>9.3 Liabilities on Restructuring</b>		
Restructuring Liability payable to DEH	<u>25,464</u>	<u>-</u>

On 11 September 2002 the Bureau of Meteorology was prescribed as a new agency and all meteorological functions were transferred from the Department of Environment and Heritage. Unspent non-lapsing appropriations of \$25,464,432 were transferred to the Bureau. It has now transpired that a valid section 32 determination does not exist for the appropriations transferred. A liability for the payable to the Department of Environment and Heritage for \$25,464,432 has therefore been recognised.

Action is underway to process a section 32 determination with the Department of Environment and Heritage, and once this is finalised, the unspent non lapsing appropriations will be recognised as equity on restructure and the corresponding liability will be extinguished.

All liabilities on restructuring are current liabilities.

## 10 ANALYSIS OF EQUITY

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening Balance at 1 July	20,224	16,791	22,342	3,023	150,939	144,639	193,505	164,453
Net surplus/(deficit)	(8,696)	3,433	-	-	-	-	(8,696)	3,433
Net revaluation increment/(decrement)	-	-	35,033	19,319	-	-	35,033	19,319
Transactions with owner:								
Distributions to owner:								
Returns of Capital								
Restructuring (Note 9.3)					(25,464)		(25,464)	
Contributions by owner:								
Appropriations (equity injections)					9,400	6,300	9,400	6,300
<b>Closing balance as at 30 June</b>	<b>11,528</b>	<b>20,224</b>	<b>57,375</b>	<b>22,342</b>	<b>134,875</b>	<b>150,939</b>	<b>203,778</b>	<b>193,505</b>

## Notes to and forming part of the Financial Statements

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### 11 CASH FLOW RECONCILIATION

#### 11.1 Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows

Cash at year end per Statement of Cash Flows	2,587	3,155
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash'	2,587	3,155

#### 11.2 Reconciliation of net surplus / (deficit) to net cash from operating activities:

Net (deficit) / surplus	(8,696)	3,433
Net Cash Transferred from/(to) OPA	1,720	2,428
Gain on disposal of non-current assets	(6)	(174)
Depreciation / amortisation	39,733	31,839
Opening balance adjustment	-	113
Loss on disposal of non-current assets	18	-
Write down of non-current assets	309	364
Expenses not requiring cash - Capitalised stock and asset movement to supplier payables	(1,716)	(9,297)
Movement in CUC receivable	-	123
(Increase) / decrease in net receivables	(202)	234
(Increase) / decrease in inventories	597	3,296
(Increase) / decrease in accrued revenue	(466)	144
(Increase) / decrease in prepayments	792	859
Increase / (decrease) in employee provisions	426	(915)
Increase / (decrease) in accrued expenses	215	(838)
Increase / (decrease) in suppliers payables	2,064	5,428
Increase / (decrease) in other liabilities	2,206	248
(Increase) / decrease in GST receivable	187	705
Movement of GST to Asset Purchases	3,257	3,349
<b><i>Net cash from operating activities</i></b>	<b><u>40,438</u></b>	<b><u>41,339</u></b>

## Notes to and forming part of the Financial Statements

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### 12 EXECUTIVE REMUNERATION

The number of Executives who received or were due to receive total remuneration of \$100,000 or more:

	2005 Number	2004 Number
\$130,000 to \$139,999	1	-
\$140,000 to \$149,999	-	2
\$150,000 to \$159,999	-	2
\$160,000 to \$169,999	1	4
\$170,000 to \$179,999	2	3
\$180,000 to \$189,999	1	-
\$190,000 to \$199,999	4	1
\$200,000 to \$209,998	3	-
\$210,000 to \$219,999	-	1
\$220,000 to \$229,999	1	2
\$230,000 to \$239,999	-	2
\$240,000 to \$249,999	1	-
\$250,000 to \$259,999	1	-
\$300,000 to \$309,999	1	-
The aggregate amount of total remuneration of executives shown above:	<u>\$ 3,272,886</u>	<u>\$ 3,034,313</u>
The aggregate amount of separation and redundancy payments during the year to executives shown above:	<u>\$ 344,064</u>	<u>\$90,186</u>

An estimate of performance pay for 2004-05 has been included as a determination has not been made prior to finalisation of these financial statements and an accrual has been made.

Actual performance based pay for 2003-04 has been included within the executive remuneration for 2004-05 as an accrual for 2003-04 performance based pay was not accrued last financial year.

## Notes to and forming part of the Financial Statements

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### 13 REMUNERATION OF AUDITORS

	2005 \$	2004 \$
Financial statement audit services are provided free of charge to the Bureau. The fair value of audit services provided to date was:	<u>145,000</u>	<u>100,000</u>

Included in the \$145,000 amount disclosed above, there is an amount of auditor remuneration totalling \$10,000 relating to the 2005-06 financial statements audit, arising from work done on the opening balance sheet to be prepared under Australian equivalents to International Financial Reporting Standards.

No other services were provided by the Auditor-General

### 14 AVERAGE STAFFING LEVELS

	2005 Number	2004 Number
The average staffing level paid from Employee Expenses for the Bureau of Meteorology during the year was:	<u>1,302.5</u>	<u>1,315.8</u>
The total average staffing level including asset development for the Bureau of Meteorology during the year was:	<u>1,410.4</u>	<u>1,432.2</u>

### 15 ACT OF GRACE PAYMENTS, WAIVERS AND DEFECTIVE ADMINISTRATION SCHEME

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

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

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

No payments were made under approved ex-gratia programs during the reporting period.

No payments were made in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999.

16 FINANCIAL INSTRUMENTS

16.1 Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods	Nature of Underlying Instrument
<b>Financial Assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	5.1	Cash is recognised at their nominal amounts. The Bureau remits its balance of cash, above an agreed working capital amount, to the Official Public Account. The Bureau no longer invests its surplus cash at bank.	Moneys in the Bureau's bank accounts are swept into the Official Public Account nightly.
Receivables	5.2	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Receivables are with both entities related and external to the Commonwealth. Credit terms for external entities are generally net 30 days.
Accrued revenue	5.3	Accrued revenue is recognised at the nominal amounts due.	Accrued revenue for goods and services as for receivables. Accrued revenue for interest as for cash.
<b>Financial Liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	9.1	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	The majority of creditors are entities that are not part of the Commonwealth legal entity.

Notes to and forming part of the Financial Statements

16.2 Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total		Weighted Average Effective Interest Rate		
		2005 \$'000	2004 \$'000	1 year or less		1 to 5 years		> 5 years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %		
				2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000								
<b>Financial Assets</b>																	
Cash	5.1	-	-	-	-	-	-	-	-	2,587	3,155	2,587	3,155	-	-	-	-
Receivables for goods and services (gross)	5.2	-	-	-	-	-	-	-	-	2,916	2,600	2,916	2,600	-	-	-	-
Appropriations receivable	5.2	-	-	-	-	-	-	-	-	-	1,720	-	1,720	-	-	-	-
Accrued revenue	5.3	-	-	-	-	-	-	-	-	845	379	845	379	-	-	-	-
<b>Total</b>		-	-	-	-	-	-	-	-	<b>6,348</b>	<b>7,854</b>	<b>6,348</b>	<b>7,854</b>	-	-	-	-
<b>Total Assets</b>										<b>307,837</b>	<b>266,734</b>	<b>307,837</b>	<b>266,734</b>				
<b>Financial Liabilities</b>																	
Trade creditors	9.1	-	-	-	-	-	-	-	-	9,756	7,723	9,756	7,723	-	-	-	-
<b>Total</b>		-	-	-	-	-	-	-	-	<b>9,756</b>	<b>7,723</b>	<b>9,756</b>	<b>7,723</b>	-	-	-	-
<b>Total Liabilities</b>										<b>104,059</b>	<b>73,229</b>	<b>104,059</b>	<b>73,229</b>				

## Notes to and forming part of the Financial Statements

### 16.3 Net Fair Values of Financial Assets and Liabilities

	Notes	2005		2004	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
<b>Departmental</b>					
<b>Financial Assets</b>					
Cash at bank	5.1	2,587	2,587	3,155	3,155
Receivables for goods and services (net)	5.2	2,659	2,659	2,457	2,457
Appropriations receivable	5.2	-	-	1,720	1,720
Accrued revenue	5.3	845	845	379	379
<b>Total Financial Assets</b>		<b>6,091</b>	<b>6,091</b>	<b>7,711</b>	<b>7,711</b>
<b>Financial Liabilities (Recognised)</b>					
Non interest bearing liabilities	7.1	455	455	-	-
Trade creditors	9.1	9,756	9,756	7,723	7,723
<b>Total Financial Liabilities</b>		<b>10,211</b>	<b>10,211</b>	<b>7,723</b>	<b>7,723</b>

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

The net fair values for trade creditors are approximated by their carrying amounts.

### 16.4 Credit Risk Exposures

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

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

## Notes to and forming part of the Financial Statements

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	2005 \$'000	2004 \$'000
<b>17.1 Revenues Administered on Behalf of Government</b>		
Goods and services		
Rendering of services - related entities	<u>18,917</u>	<u>16,456</u>
<b><i>Total Revenues Administered on Behalf of Government</i></b>	<u><b>18,917</b></u>	<u><b>16,456</b></u>
<b>17.2 Expenses Administered on Behalf of Government</b>		
Expenses	-	-
<b><i>Total Expenses Administered on Behalf of Government</i></b>	<u><b>-</b></u>	<u><b>-</b></u>

## Notes to and forming part of the Financial Statements

	2005 \$'000	2,004 \$'000
<b>17.3 Assets Administered on Behalf of Government</b>		
<b>Financial assets</b>		
<b>Receivables</b>		
Goods and services	1,801	1,734
[All receivables are with related entities of the Commonwealth. Credit terms are net 30 days (2004: 30 days).]		
Less Provision for doubtful debts	(4)	(25)
<b>Total receivables</b>	<u>1,797</u>	<u>1,709</u>
Receivables (gross) are aged as follows:		
Not overdue	1,756	1,617
Over due by:		
Less than 30 days	31	85
30 to 60 days	10	11
60 to 90 days	-	4
More than 90 days	4	17
<b>Total receivables (gross)</b>	<u>1,801</u>	<u>1,734</u>
The provision for doubtful debt is aged as follows:		
30 to 60 days	-	4
60 to 90 days	-	4
More than 90 days	4	17
<b>Total provision for doubtful debt</b>	<u>4</u>	<u>25</u>
<b>Accrued Revenues</b>		
Goods and Services	1,400	1,258
<b>Total accrued revenues</b>	<u>1,400</u>	<u>1,258</u>
<b>Total Assets Administered on Behalf of Government</b>	<u>3,197</u>	<u>2,967</u>
<b>17.4 Liabilities administered on behalf of Government</b>		
<b>Payables</b>		
Other - GST payable to ATO	14	16
<b>Total payables</b>	<u>14</u>	<u>16</u>
<b>Total Liabilities Administered on Behalf of Government</b>	<u>14</u>	<u>16</u>
All liabilities are expected to be settled within 12 months of balance date.		

## Notes to and forming part of the Financial Statements

### 17.5 Administered Reconciliation Table

	2005 \$'000	2004 \$'000
Opening administered assets less administered liabilities as at 1 July	2,951	2,613
Plus Administered revenues	18,917	16,456
Less Administered expenses	-	-
Administered transfers to/from Australian Government		
Appropriation transfers from OPA		
- Administered expenses	-	-
- Administered assets and liabilities	-	-
Transfers to OPA	(18,685)	(16,118)
Restructuring		
Transfers to other Entities (Finance - Whole of Government)	-	-
Transfers from other Entities (Finance - Whole of Government)	-	-
Changes in accounting policies	-	-
Closing administered assets less administered liabilities as at 30 June	3,183	2,951

**17.6 Administered Financial Instruments  
Terms, Conditions and Accounting Policies**

Financial Instrument	Notes	Accounting Policies and Methods	Nature of Underlying Instrument
<b>Financial Assets</b>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash		Deposits are recognised at their nominal amounts.	Moneys in the Bureau's bank accounts are swept into the Official Public Account nightly.
Receivables for goods and services	17.3	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	The majority of receivables are with entities external to the Commonwealth. Credit terms are generally net 30 days. The Bureau has appointed Air Services Australia, as our agent for the invoicing of aviation clients.
Accrued revenue	17.3	Accrued revenue is recognised at the nominal amounts due.	Accrued revenue for goods and services as for receivables.
<b>Financial Liabilities</b>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	17.4	Creditors and accruals are recognised at their nominal amounts, being the amounts in which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	

Notes to and forming part of the Financial Statements

17.7 Administered Interest Rate Risk																		
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate				
				1 year or less		1 to 5 years		> 5 years										
				2005	2004	2005	2004	2005	2004							2005	2004	2005
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000					
<b>Financial Assets</b>																		
Receivables	17.3	-	-	-	-	-	-	-	-	-	-	-	1,301	1,734	1,801	1,734	n/a	n/a
Accrued Interest	17.3	-	-	-	-	-	-	-	-	-	-	-	1,400	1,258	1,400	1,258	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	-	-	-	3,201	2,992	3,201	2,992		
<b>Total Assets</b>													3,197	2,987				
<b>Financial Liabilities</b>	17.4	-	-	-	-	-	-	-	-	-	-	-	14	16	14	16	n/a	n/a
<b>Total</b>		-	-	-	-	-	-	-	-	-	-	-	14	16	14	16		
<b>Total Liabilities</b>													14	16	14	16		

**17.8 Net Fair Values of Administered Financial Assets and Liabilities**

The net fair value of each class of the Bureau of Meteorology's financial asset and liability equals its carrying amount in both the current and immediately preceding reporting period and none of these financial assets or liabilities are readily traded on organised markets in a standardised form.

## Notes to and forming part of the Financial Statements

### 18 APPROPRIATIONS

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

Particulars	Administered Expenses Outcome 1 \$	Departmental Outputs \$	Total \$
<b>Year ended 30 June 2005</b>			
Balance carried from previous period	-	5,519,859	5,519,859
Adjustments (Footnote 4)	-	808,602	808,602
<b>Adjusted Balance carried for previous period</b>	-	<b>6,328,461</b>	<b>6,328,461</b>
Appropriation Act (No.1) 2004-2005	-	190,447,000	190,447,000
Appropriation Act (No.3) 2004-2005	-	308,000	308,000
Refunds credited (FMAA s30)	-	1,190,558	1,190,558
Adjustment for regularised s30 receipts from prior years (Footnote 3)	-	684,398	684,398
Appropriation reduced by section B determination (current year)	-	-	-
Sub-total 2004-05 Annual Appropriation	-	192,620,956	192,620,956
Appropriations to take account of recoverable GST (FMAA s30A)	-	7,625,818	7,625,818
Annotations to 'net appropriations' (FMAA s31)	-	18,602,011	18,602,011
Total appropriations available for payments	-	225,186,246	225,186,246
Cash payments made during the year (GST inclusive)	-	(220,648,970)	(220,648,970)
Appropriations credited to Special Accounts (excluding GST)	-	-	-
<b>Balance of Authority to Draw cash from the CRF for Ordinary Annual Services Appropriations</b>	-	<b>4,540,276</b>	<b>4,540,276</b>
<b>Represented by:</b>			
Cash at bank and on hand	-	2,587,038	2,587,038
Receivable - departmental appropriations	-	-	-
Receivable - GST receivable from customers	-	138,699	138,699
Receivable - GST receivable from the ATD	-	321,539	321,539
Appropriation savings offered - no longer under control of Bureau	-	1,493,000	1,493,000
Receivable - departmental appropriations (appropriation for additional outputs)	-	-	-
Payables - GST Payable	-	-	-
Undrawn, unexpired administered appropriations	-	-	-
<b>Total</b>	-	<b>4,540,276</b>	<b>4,540,276</b>

## Notes to and forming part of the Financial Statements

Particulars	Administered Expenses Outcome 1 \$	Departmental Outputs \$	Total \$
<b>Year ended 30 June 2004 (comparative period)</b>			
Balance carried from previous period	-	8,662,835	8,662,835
Appropriation Act (No.1) 2004-2005	-	192,430,000	192,430,000
Appropriation Act (No.3) 2004-2005	-	5,234,000	5,234,000
Refunds credited (FMAA s30)	-	584,830	584,830
Appropriations to take account of recoverable GST (FMAA s30A)	-	8,667,611	8,667,611
Annotatons to 'net appropriations' (FMAA s31)	-	16,818,056	16,818,056
Other cash adjustments (please describe)	-	-	-
Appropriation lapsed	-	-	-
Total appropriation available for payments	-	232,397,332	232,397,332
Payments made during the year (GST inclusive)	-	(228,877,473)	(228,877,473)
Appropriations credited to Special Accounts (excluding GST)	-	-	-
Balance carried to the next period	-	5,519,859	5,519,859

### Footnotes:

(1) Section 32 of the *Financial Management and Accountability Act 1997* (the FMA Act) applies if a function of an agency (the old agency) becomes a function of another agency (the new agency), either because the old agency is abolished or for any other reason. The FMA Act enables the Finance Minister to, amongst other things, issue one or more directions to transfer from the old agency to the new agency sums or all of an amount that has been appropriated for the performance of that function by the old agency.

On 11 September 2002 the Department of the Environment and Heritage (DEH) relinquished the responsibility for undertaking meteorological and related monitoring and research, and the provision of weather and climate services for the Australian community to the Bureau of Meteorology (the new agency) as a consequence of the Bureau of Meteorology becoming a prescribed agency.

On 11 September 2002 there was \$25,464,432 of cash and unspent non-lapsing appropriations for meteorological functions from previous and the 2002 years. This amount was transferred from DEH to the Bureau. It has now transpired that an effective s32 direction does not exist for the cash and drawing rights transferred. Spending from 12 September 2002 to 30 June 2003 totalling \$25,464,432 was made without the authority of Parliament, in contravention of section 83 of the Constitution, as an effective s32 direction was not in place at the close of the 2003 financial year. An effective s32 direction was still outstanding as at 30 June 2005.

Action is being taken to obtain an effective s32 direction in respect of the \$25,464,432. In the interim, a payable to DEH has been recognised in the Bureau's 2004-05 financial statements.

A breach of section 48 of the FMA Act has occurred, as a result of the contravention of section 83 of the Constitution in the 2002-03 financial year for \$25,464,432 as an effective s32 direction was not in place at the time the money was spent.

(2) Under section 31 of the *Financial Management and Accountability Act 1997* (the FMA ACT), the Minister for Finance may enter into a net appropriation agreement with an agency Minister. Appropriation Acts numbers 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its section 31 agreement, eg receipts from charging for goods and services.

## Notes to and forming part of the Financial Statements

Although the Bureau of Meteorology had operated and recorded receipts as though a s31 agreement was in place, receipts collected from 12 September 2002 to 7 June 2004 were not captured by a s31 agreement. For the 2002-03 financial year, the Bureau had signed a proposed s31 agreement, however the agreement was not signed by a delegate of the Minister for Finance. An effective s31 agreement was signed and executed on 8 June 2004 and captured receipts retrospectively by backdating the s31 agreement to 12 September 2002. This agreement did not validate past breaches of section 83 of the Constitution. Total purported s31 receipts for the period 12 September 2002 to 7 June 2004 amounted to \$28,614,611.

As a result:

- upon signing a valid s31 agreement, all receipts collected from 12 September 2002 to 30 June 2004 except for purported s31 receipts spent (\$2,836,878), were now captured, and this amounted to \$25,777,773;
- spending from 12 September 2002 to 30 June 2003 totalling \$2,836,878, was made without the authority of Parliament, in contravention of section 83 of the Constitution; and
- a further breach of section 48 of the FMA Act has occurred, as a result of the contravention of section 83 of the Constitution in 2002-03.

The Bureau's current s31 agreement was made on 24 June 2005 between the Director of Meteorology (Chief Executive) and the delegate of the Minister for Finance.

(3) Comcare receipts received during 2002-03 and 2003-04 did not have a process in place to ensure the appropriate employee consent authorisation was completed. These transactions were reported incorrectly as s31 transactions in the Appropriation Notes corresponding to those years. The completed employee consent authorisation has now regularised these receipts as s30 transactions to be recognised in the 2004-05 financial year.

A year-by-year analysis of the overstatement of the departmental output appropriations and s30 regularisation is given below.

<b>Adjustment to Appropriation note for Comcare amounts received without employee consent forms and re-statement of receipts as regularised s30 transactions</b>	2002-03	2003-04	2004-05
Receipts affected	202,239	482,159	
Re-statement of regularised Comcare reimbursements as s30 transactions			684,398

Notes to and forming part of the Financial Statements

(4) Year by year analysis of Bureau output appropriations and overspending

Particulars Departmental Expenses Only	Departmental Expenses Outcome 1 12 Sept 2002 to 30 June 2003	Departmental Expenses Outcome 1 1 July 2003 to 7 June 2004	Departmental Expenses Outcome 1 8 June 2004 to 30 June 2004	Departmental Expenses Outcomes 1 TOTAL 2003-04	Departmental Expenses Outcome 1 TOTAL 2004-05
(There were no Administered Expenses for the periods shown)					
<b>Period</b>					
<b>For the periods 12 September 2002 to 30 June 2005</b>					
Balance carried from previous period	NIL	NIL	2,144,692	NIL	6,328,461
Reductions of appropriations (prior years)					
<b>Adjusted Balance carried for previous period</b>			2,144,692		6,328,461
Appropriation Act (No. 1)		192,430,000		192,430,000	190,447,000
Appropriation Act (No. 3)		5,234,000		5,234,000	308,000
Departmental adjustments by the Finance Minister (Appropriation Acts)					
Carveover receipts (Appropriation Act s13)					
Advance to the Finance Minister					
Adjustments of appropriations on change of entity function (FMAA s32)	164,923,500				
Less savings from annual appropriations					
Refunds credited (FMAA s30)	358,089	102,671		102,671	1,190,558
Adjustment for regularised s30 receipts from prior years (Footnote 3)					684,388
Appropriation reduced by section 9 determination (current year)					
Sub-total 2004-05 Annual Appropriation	165,278,589	197,766,671		197,766,671	192,629,958
Appropriations to take account of recoverable GST (FMAA s30A)	6,400,094	7,745,213		8,607,611	7,825,818
Regularised s31 as at 8 June 2004 for 12 Sept 2002 to 30 June 2003 (Footnote 2)			922,396	10,237,562	
Regularised s31 as at 8 June 2004 for 1 July 2003 to 7 June 2004 (Footnote 2)			18,840,171	18,840,171	
Valid Annotations to 'net appropriations' (FMAA s31) post 7 June 2004			1,730,727	1,730,727	18,602,011
Total appropriations available for payments	171,688,683	205,511,884	30,555,548	233,932,742	225,190,248
Cash payments made during the year (GST inclusive)	(199,888,992)	(203,307,184)	(24,227,067)	(227,604,281)	(220,645,970)
Appropriations credited to Special Accounts (excluding GST)					
Adjustment for an ineffective (FMAA s32) diversion recognised as a payable to DEH (Footnote 1)	(25,464,432)				
Monies spent without an effective s31 authority of Parliament (Footnote 2)	(2,938,878)				
<b>Balance of Authority to Draw cash from the CRE for each period shown</b>	<b>(28,301,310)</b>	<b>2,144,692</b>	<b>6,329,461</b>	<b>6,329,461</b>	<b>4,940,276</b>

**APPROPRIATIONS**  
**18.2 Acquitral of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations**

Particulars	Administered Outcome 1		Non-operating				Total
	\$	NAE	\$	Equity	Loans	Previous years outputs	
Year ended 30 June 2005	-	-	-	-	-	-	-
Balance carried from previous period	-	-	-	-	-	-	-
Reductions of appropriations (prior years)	-	-	-	-	-	-	-
<i>Adjusted Balance carried for previous period</i>	-	-	-	-	-	-	-
Appropriation Act (No. 2) 2004-2005	-	-	9,100,000	-	-	-	9,100,000
Appropriation Act (No. 4) 2004-2005	-	-	300,000	-	-	-	300,000
Departmental adjustments and Borrowings	n/a	n/a	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-
Refunds credited (FMAA, s30)	-	-	-	-	-	-	-
Appropriation reduced by section 11 determination (current year)	-	-	-	-	-	-	-
Sub-total 2004-05 Annual Appropriation	-	-	9,400,000	-	-	-	9,400,000
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	-	291,522	-	-	291,522
Total appropriations available for payments	-	-	10,191,522	-	-	-	10,191,522
Cash payments made during the year (GST inclusive)	-	-	110,191,522	-	-	-	110,191,522
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-
Balance of Authority to Draw cash from the Cliff for Ordinary Annual Services Appropriations	-	-	-	-	-	-	-

Notes to and forming part of the Financial Statements

Particulars	Administered Outcome 1		Non-operating			Total
	\$	\$	\$	\$	\$	
	SPP's	NAE	Equity	Loans	Previous years' outputs	Admin assets and liabilities
Represented by:						
Cash at bank and on hand	-	-	-	-	-	-
Departmental appropriation receivable	-	-	-	-	-	-
GST receivable from the ATO	-	-	-	-	-	-
Departmental appropriations receivable - Drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-	-	-
Formal reductions of appropriations revenue	-	-	-	-	-	-
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-
Undrawn, unleased administered appropriations	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Year ended 30 June 2004 (comparative period)</b>						
(Balance carried from previous period)						
Appropriation Act (No.1) 2003-2004			6,300,000			
Appropriation Act (No.3) 2003-2004						
Adjustments by the Finance Minister						
Advance to the Finance Minister						
Refunds credited (FMAA s30)						
Appropriations to take account of recoverable GST (FMAA s30A)						
Annotations to 'net appropriations' (FMAA s31)						
Other cash adjustments						
Adjustment of appropriations on change of entity function (FMAA s32)						
Appropriation lapsed						
Total appropriation available for payments			6,300,000			
Cash payments made during the year (GST inclusive)			(6,300,000)			
Appropriations credited to Special Accounts						
Balance carried to the next period						
						6,300,000
						(6,300,000)

## Notes to and forming part of the Financial Statements

### 19 REPORTING OF OUTCOMES

#### 19.1 Net Cost of Outcome Delivery

	Outcome 1	
	2005 \$'000	2004 \$'000
Administered expenses	-	-
Departmental expenses	218,206	210,128
<b>Total expenses</b>	<b>218,206</b>	<b>210,128</b>
Costs recovered from provision of goods and services to the non-government sector		
Administered	-	-
Departmental	8,852	7,869
<b>Total costs recovered</b>	<b>8,852</b>	<b>7,869</b>
Other external revenues		
Administered		
Goods and Services Revenue	18,917	16,456
Interest on loans	-	-
Dividends from Commonwealth Companies	-	-
<b>Total Administered</b>	<b>18,917</b>	<b>16,456</b>
Departmental		
Interest on cash deposits	-	-
Revenue from disposal of assets	66	379
Reversals of previous asset write-downs	-	-
Other	1,496	227
Goods and Services Revenue	8,196	7,322
<b>Total Departmental</b>	<b>9,758</b>	<b>7,928</b>
<b>Total other external revenues</b>	<b>28,675</b>	<b>24,384</b>
<b>Net cost of Outcome</b>	<b>180,679</b>	<b>177,875</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

19.2 Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output Group 1		Output Group 2		Output Group 3		Output Group 4		Outcome Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>OUTCOME 1</b>										
<b>Departmental Expenses</b>										
Employees	48,428	47,818	10,191	8,308	55,700	54,055	675	498	114,994	110,679
Suppliers	40,241	44,401	3,207	2,526	17,457	18,144	831	700	61,736	65,771
Grants	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	34,354	28,219	471	327	4,849	3,243	59	50	39,733	31,839
Value of assets sold	78	205	-	-	-	-	-	-	78	205
Write-down of assets	579	522	-	-	-	-	-	-	579	522
Other expenses	-	-	-	-	-	-	1,086	1,112	1,086	1,112
<b>Total departmental expenses</b>	<b>123,680</b>	<b>121,165</b>	<b>13,869</b>	<b>11,161</b>	<b>78,006</b>	<b>75,442</b>	<b>2,651</b>	<b>2,360</b>	<b>218,206</b>	<b>210,128</b>
<b>Funded By:</b>										
Revenues from Government	115,924	122,371	10,039	8,818	62,699	63,893	2,238	2,682	190,900	197,764
Sale of goods and services	569	1,079	3,173	2,195	12,875	11,895	431	22	17,048	15,191
Interest	-	-	-	-	-	-	-	-	-	-
Revenue from sales of assets	66	234	-	24	-	121	-	-	66	379
Other revenues	908	140	79	11	492	73	17	3	1,496	227
<b>Total departmental revenues</b>	<b>117,467</b>	<b>123,824</b>	<b>13,291</b>	<b>11,048</b>	<b>76,066</b>	<b>75,982</b>	<b>2,686</b>	<b>2,707</b>	<b>209,510</b>	<b>213,561</b>

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

## Notes to and forming part of the Financial Statements

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### 19.3 Major Classes of Administered Revenues and Expenses by Outcome

	Outcome 1	
	2005 \$'000	2004 \$'000
<b>Administered Revenues</b>		
Interest	-	-
Sales of goods and services	18,917	16,456
Other revenue	-	-
<b><i>Total Administered Revenues</i></b>	<b>18,917</b>	<b>16,456</b>
<b>Administered Expenses</b>		
Grants	-	-
Suppliers	-	-
Write-down of assets	-	-
Other	-	-
<b><i>Total Administered Expenses</i></b>	<b>-</b>	<b>-</b>

Outcome 1 is described in Note 1.1

Net costs shown include intra-government costs that would be eliminated in calculating the actual Budget outcome.

## **Notes to and forming part of the Financial Statements**

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### **20 Assets Held in Trust**

In its 2002-03 and 2003-04 financial statements the Bureau of Meteorology incorrectly reported transactions in the note "Assets held in Trust (Services for other Governments and Non-agency Bodies Reserve)". These transactions should have been presented as s31 receipts and expenditure transactions. Receipts for the respective periods were \$701,093 and \$442,842 and payments were \$417,127 and \$726,808.

There were no other transactions as "Assets held in Trust" for those financial years.

The 2003-04 financial statements represented a net balance of zero funds at the end of the 2003-04 financial year for the Bureau, however there is a contingent asset estimated by the Bureau to be approximately \$245,776 held at the Department of the Environment and Heritage (DEH) which is currently under review by the Bureau and DEH to agree on the balance and establish an effective means to transfer the amount to the Bureau. (refer to Schedule of Contingencies).

