

DEPARTMENT OF COMMUNICATIONS

Section 1: Entity Overview and Resources	9
1.1 Strategic Direction.....	9
1.2 Entity Resource Statement	11
1.3 Entity Measures Table	13
1.4 Additional Estimates and Variations.....	14
1.5 Breakdown of Additional Estimates by Appropriation Bill.....	16
Section 2: Revisions to Entity Resources and Planned Performance	19
2.1 Resources and Performance Information.....	19
Section 3: Explanatory Tables and Budgeted Financial Statements.....	25
3.1 Explanatory Tables.....	25
3.2 Budgeted Financial Statements	26

DEPARTMENT OF COMMUNICATIONS

Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION

Digital technologies and communications services are increasingly pervasive and are driving rapid transformation. The effective and innovative use of these technologies and services offers significant benefits for individuals, communities, businesses, industry and governments. Realising their full potential underpins Australia's future economic prosperity.

The purpose of the Department of Communications is to promote an innovative and competitive communications sector, through policy development, advice and programme delivery, so all Australians can realise the full potential of digital technologies and communications services.

The Department achieves its outcome by delivering a range of initiatives.

Significant ongoing functions include:

- providing strategic advice on developments in digital technologies, networks and services
- advising and collaborating on the use of technologies to boost government productivity and enhance government online capabilities
- improving the quality and number of government systems, products, services and data sets that Australians can access online
- providing strategic advice and policy leadership to achieve a fast and affordable National Broadband Network
- collaborating to develop policies that deliver more efficient, trusted and secure enabling digital infrastructure
- reviewing the current spectrum policy arrangements to ease the compliance burden on users and improve accessibility for new technologies
- assessing regulatory frameworks and advising on regulatory reform and deregulation options to promote competition, consumer safeguards, efficient and responsive portfolio agencies, and reduced regulatory burden
- supporting the Ministerial Advisory Council on Communications in its role of providing advice on deregulation options across the Portfolio
- analysing community expectations of quality, standard and availability of content and communications services
- establishing the Bureau of Communications Research to undertake research and advise on sectoral developments to inform strategic policy directions

Communications Additional Estimates Statements

- delivering the Mobile Black Spot Programme to further expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities.

Since the 2014-15 PB Statements were issued, responsibility for the 2014-15 Budget measure Enhancing Online Safety for Children, including establishing a Children's e-Safety Commissioner, has transferred from the Department to the Australian Communications and Media Authority (the ACMA). The Department is continuing to work with the ACMA to implement this measure.

Further details on the Department's strategic direction can be found in the 2014-15 PB Statements.

1.2 ENTITY RESOURCE STATEMENT

The Entity Resource Statement details the resourcing for the Department at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2014-15 Budget year, including variations through Appropriation Bill Nos. 3 and No. 4, Special Appropriations and Special Accounts.

Table 1.1: Department of Communications Resource Statement — Additional Estimates for 2014-15 as at Additional Estimates February 2015

	<i>Total available appropriation</i> 2013-14 \$'000	Estimate as at Budget 2014-15 \$'000	+ Proposed Additional Estimate 2014-15 \$'000	= Total Estimate at Additional Estimates 2014-15 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	79,865	20,468	4,836	25,304
Departmental appropriation ³	111,247	90,390	3,382	93,772
s74 Retained revenue receipts ⁴	6,049	4,025	(3,410)	615
s75 Retained revenue receipts ⁴	(894)	—	—	—
Total	196,267	114,883	4,808	119,691
Administered expenses				
Prior year administered appropriation	94,449	—	—	—
Outcome 1	225,590	147,591	(2,864)	144,727
Payments to corporate entities ⁵	1,327,688	1,350,698	(460)	1,350,238
Total	1,647,727	1,498,289	(3,324)	1,494,965
Total ordinary annual services A	1,843,994	1,613,172	1,484	1,614,656
Departmental non-operating				
Prior year departmental appropriations	1,153	—	—	—
Equity injections	1,141	619	5,781	6,400
Total	2,294	619	5,781	6,400
Administered non-operating				
Prior year administered appropriation	3,971,555	1,970,555	190,000	2,160,555
Administered assets and liabilities	1,379,000	3,229,445	—	3,229,445
Payments to corporate entities - non-operating	43,300	50,000	—	50,000
Total	5,393,855	5,250,000	190,000	5,440,000
Total other services B	5,396,149	5,250,619	195,781	5,446,400
Total available annual appropriations	7,240,143	6,863,791	197,265	7,061,056
Total appropriations excluding Special Accounts	7,240,143	6,863,791	197,265	7,061,056

Table 1.1: Department of Communications Resource Statement — Additional Estimates for 2014-15 as at Additional Estimates February 2015 (continued)

		Total available appropriation 2013-14 \$'000	Estimate as at Budget 2014-15 \$'000	+ Proposed Additional Estimate 2014-15 \$'000	= Total estimate at Additional Estimates 2014-15 \$'000
Special Accounts					
Opening balance ⁶		–	139	(6)	133
Total Special Account	C	–	139	(6)	133
Total resourcing					
A+B+C		7,240,143	6,863,930	197,259	7,061,189
Less appropriations drawn from annual or special Appropriations above and credited to special accounts and/or corporate entities annual appropriations		(1,370,988)	(1,400,698)	460	(1,400,238)
Total net resourcing for Communications		5,869,155	5,463,232	197,719	5,660,951

¹ Appropriation Act (No. 1) 2014-15 and Appropriation Bill (No. 3) 2014-15.

² Estimated adjusted balance carried from previous year for annual appropriations.

³ Includes an amount of \$4.1m in 2014-15 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ Estimated retained revenue receipts under section 74 and section 75 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.

⁵ Corporate Entities are Corporate Commonwealth Entities and Commonwealth Companies as defined under the PGPA Act 2013.

⁶ Estimated opening balance for Special Accounts (less 'Special Public Money' held in Services for Other Entities and Trust Moneys Special Accounts (SOETM)). For further information on Special Accounts see Table 3.1.1.

Note: All figures are GST exclusive.

Third Party Payments from and on behalf of other entities

	Estimate at Budget 2014-15 \$'000	Estimate at Additional Estimates 2014-15 \$'000
Payments made to corporate entities within the portfolio		
Australian Broadcasting Corporation	1,113,624	1,113,215
Special Broadcasting Service Corporation	287,074	287,023

1.3 ENTITY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2014-15 Budget. The table is split into revenue, expense and capital measures, with the affected programme identified.

Table 1.2: Communications 2014-15 Measures since Budget

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures					
Administered Programme Indexation Pause	1.1				
Administered expenses		(478)	(879)	(1,279)	(1,306)
Total		(478)	(879)	(1,279)	(1,306)
Communications and Public Affairs Functions - targeted savings	1.1				
Departmental expenses		(65)	(128)	(128)	(129)
Total		(65)	(128)	(128)	(129)
Enhancing Online Safety for Children - support	1.1				
Administered expenses		(1,370)	(1,721)	(1,720)	(1,734)
Departmental expenses		(232)	(464)	(461)	(466)
Total		(1,602)	(2,185)	(2,181)	(2,200)
Funding for pre-existing measures affecting the public sector	1.1				
Departmental expenses		4,431	–	–	–
Total		4,431	–	–	–
Smaller Government - Communications Portfolio	1.1				
Departmental expenses		–	–	–	–
Total		–	–	–	–
Telecommunications services - whole-of- government coordinated procurement	1.1				
Departmental expenses		(193)	–	–	–
Total		(193)	–	–	–
Total expense measures					
Administered		(1,848)	(2,600)	(2,999)	(3,040)
Departmental		3,941	(592)	(589)	(595)
Total		2,093	(3,192)	(3,588)	(3,635)

Prepared on a Government Financial Statistics (fiscal) basis

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for the Department at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2014-15 Budget in Appropriation Bills Nos. 3 and 4. Table 1.4 details Additional Estimates or variations through other factors, such as parameter adjustments.

Table 1.3: Additional Estimates and Variations to Outcomes from Measures since 2014-15 Budget

	Programme impacted	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Outcome 1					
Decrease in estimates (administered)					
Administered Programme Indexation Pause - Community Broadcasting Program ¹	1.1	(381)	(697)	(997)	(1,018)
Administered Programme Indexation Pause - Consumer Representation Grants Program ¹	1.1	(48)	(90)	(139)	(142)
Administered Programme Indexation Pause - Cybersafety ¹	1.1	(15)	(27)	(43)	(44)
Administered Programme Indexation Pause - Stay Smart Online ¹	1.1	(34)	(65)	(100)	(102)
Enhancing Online Safety for Children - support	1.1	(1,370)	(1,721)	(1,720)	(1,734)
Net impact on estimates for Outcome 1 (administered)		(1,848)	(2,600)	(2,999)	(3,040)
Increase in estimates (departmental)					
Funding for pre-existing measures affecting the public sector ²	1.1	4,431	-	-	-
Decrease in estimates (departmental)					
Communications and Public Affairs Functions - targeted savings ³	1.1	(65)	(128)	(128)	(129)
Enhancing Online Safety for Children -support	1.1	(232)	(464)	(461)	(466)
Smaller Government - Communications Portfolio	1.1	-	-	-	-
Telecommunications services - whole-of-government coordinated procurement ⁴	1.1	(193)	-	-	-
Net impact on estimates for Outcome 1 (departmental)		3,941	(592)	(589)	(595)

¹ The Administered Programme Indexation Pause measure was published in the 2014-15 Budget as a cross portfolio measure, which had not been attributed to individual programmes at that time.

² This measure was announced in the 2013-14 Mid-Year Economic and Fiscal Outlook under the Finance Portfolio.

³ This measure was published in the 2014-15 Budget under the Finance Portfolio, but had not been attributed to individual agencies at that time.

⁴ This measure was published in the 2009-10 Mid-Year Economic and Fiscal Outlook as a cross portfolio measure and involves savings associated with whole-of-government arrangements for telecommunications.

Table 1.4: Additional Estimates and Variations to Outcomes from Other Variations

	Programme impacted	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Outcome 1					
Increase in estimates (administered)					
Community Broadcasting Program - reallocation of funds	1.1	40	55	-	-
Digital Productivity - reallocation of funds	1.1	95	-	-	-
Other Public Interest - movement of funds ¹	1.1	-	-	24,600	-
Decrease in estimates (administered)					
Digital Productivity - reallocation of funds	1.1	-	(55)	-	-
Digital Television Switchover - reallocation of funds	1.1	(135)	-	-	-
Indexation adjustments	1.1	(286)	(265)	(322)	(365)
Enhancing Online Safety for Children - support	1.1	(730)	(2,500)	(2,500)	(1,870)
Net impact on estimates for Outcome 1 (administered)		(1,016)	(2,765)	21,778	(2,235)
Increase in estimates (departmental)					
Reappropriation of lapsed appropriation	1.1	6,000	-	-	-
Decrease in estimates (departmental)					
Indexation adjustments ²	1.1	-	(84)	(83)	(84)
Enhancing Online Safety for Children - support ²	1.1	(778)	(652)	(631)	(339)
Net impact on estimates for Outcome 1 (departmental)		5,222	(736)	(714)	(423)
Payments to Corporate Entities					
Australian Broadcasting Corporation	N/A	(409)	(21,370)	(49,341)	(57,579)
Special Broadcasting Service Corporation	N/A	(51)	(4,583)	(10,674)	(14,076)
Net impact on estimates for payments to Corporate Entities		(460)	(25,953)	(60,015)	(71,655)

¹ \$4.6 million moved from 2013-14 and \$20.0 million moved from 2014-15. Other Public Interest is currently being administered by the Telecommunications Universal Service Management Agency. This function will transfer to the Department from 2015-16.

² Includes departmental capital.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for the Department through Appropriation Bills Nos. 3 and 4.

Table 1.5: Appropriation Bill (No. 3) 2014-15

	2013-14 Available \$'000	2014-15 Budget \$'000	2014-15 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
ADMINISTERED ITEMS					
Outcome 1					
Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	225,590	147,591	144,727	–	(2,864)
Total	225,590	147,591	144,727	–	(2,864)
DEPARTMENTAL PROGRAMS					
Outcome 1					
Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	111,247	90,390	93,772	3,382	–
Total	111,247	90,390	93,772	3,382	–
PAYMENTS TO CORPORATE BODIES					
Australian Broadcasting Corporation	1,053,853	1,063,624	1,063,215	–	(409)
Special Broadcasting Service Corporation	273,835	287,074	287,023	–	(51)
Total	1,327,688	1,350,698	1,350,238	–	(460)
Total administered and departmental	1,664,525	1,588,679	1,588,737	3,382	(3,324)

Table 1.6: Appropriation Bill (No. 4) 2014-15

	2013-14 Available \$'000	2014-15 Budget \$'000	2014-15 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
PAYMENTS TO STATES, ACT, NT AND LOCAL GOVERNMENT					
Outcome 1					
Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	-	-	-	-	-
Total	-	-	-	-	-
Non-operating					
Equity injections	1,141	619	6,400	5,781	-
Total non-operating	1,141	619	6,400	5,781	-
PAYMENTS TO CORPORATE BODIES					
Australian Broadcasting Corporation	23,300	50,000	50,000	-	-
Special Broadcasting Service Corporation	20,000	-	-	-	-
NBN co.	1,379,000	3,229,445	3,229,445	-	-
Total	1,422,300	3,279,445	3,279,445	-	-
Total administered and departmental	1,423,441	3,280,064	3,285,845	5,781	-

Section 2: Revisions to Entity Resources and Planned Performance

2.1 RESOURCES AND PERFORMANCE INFORMATION

No changes have been made to the Department's outcome structure since the 2014-15 Budget. Complete details of the Department's resources and performance information can be found in the 2014-15 PB Statements.

Outcome 1

Outcome 1 Strategy

No changes have been made to the Department's outcome strategy since the 2014-15 Budget.

Table 2.1 Budgeted Expenses and Resources for Outcome 1

Outcome 1:	2013-14	2014-15
Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	Actual expenses \$'000	Revised estimated expenses \$'000
Programme 1.1: Digital Technologies and Communications Services		
Administered expenses		
Ordinary annual services (Appropriation Act No. 1 & Bill No. 3)	176,854	142,255
Expenses not requiring appropriation in the Budget year ¹	13,915	14,381
Departmental expenses		
Departmental appropriation ²	107,844	90,292
Expenses not requiring appropriation in the Budget year ¹	6,998	6,105
Total for Programme 1.1	305,611	253,033
Outcome 1		
Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Act No. 1 & Bill No. 3)	176,854	142,255
Expenses not requiring appropriation in the Budget year ¹	13,915	14,381
Departmental expenses		
Departmental appropriation ²	107,844	90,292
Expenses not requiring appropriation in the Budget year ¹	6,998	6,105
Total expenses for Outcome 1	305,611	253,033
	2013-14	2014-15
Average Staffing Level (number)	529	430

¹ Expenses not requiring appropriation in the Budget year is made up of issuing of indefeasible rights of use, depreciation expense, amortisation expense, exchange rate movements, inventory expense and audit fees.

² Departmental Appropriation combines "Ordinary annual services (Appropriation Act No. 1 & Bill (No. 3))" and Retained Revenue Receipts under s74 of the PGPA Act".

Programme Objective

No changes have been made to programme objective 1.1 since the 2014-15 PB Statements.

Programme Expenses

The following changes to programme expenses affect the 2014-15 financial year:

- the provision of \$4.4 million in departmental funding under the *Funding for pre-existing measures affecting the public sector* measure published in the 2013-14 MYEFO
- the transfer of \$3.1 million in administered and department funding from the Department to the Australian Communications and Media Authority for Enhancing Online Safety for Children - support
- an overall reduction in funding of \$0.5 million for the four programmes affected by the Administered Programme Indexation Pause measure in the 2014-15 Budget (Community Broadcasting Program, Consumer Representation Grants Program, Cybersafety and Stay Smart Online)
- a reduction in departmental funding of \$0.2 million for savings associated with whole-of-government arrangements for telecommunications and data centres
- a reduction in departmental funding of \$0.1 million relating to communications and public affairs functions
- indexation adjustments resulting in an overall reduction of \$0.3 million in administered funding.

Communications Additional Estimates Statements

Programme Expenses 1.1

	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Forward	Forward	Forward
	\$'000	budget	year 1	year 2	year 3
	\$'000	\$'000	\$'000	\$'000	\$'000
Annual administered expenses:					
Community Broadcasting Program	18,309	17,359	16,880	15,491	15,817
Consumer Representation Grants Program	2,166	2,164	2,163	2,165	2,210
Cybersafety	253	331	–	–	–
Digital Productivity	16,901	13,852	3,854	2,396	1,500
Digital Television Switchover	33,465	10,771	10,997	10,790	11,016
Digital Television Switchover - Spectrum Restacking Assistance	46,095	52,285	9,460	–	–
ICT Centre of Excellence	22,563	21,435	21,000	–	–
Indigenous Broadcasting ¹	7,194	–	–	–	–
International Organisation Contributions	3,547	3,435	3,447	3,465	3,509
Mobile Black Spot Programme	–	10,000	30,000	30,000	30,000
Regional Equalisation Plan	6,896	1,000	1,000	1,000	–
Regional Telecommunications Review Response ¹	3,088	–	–	–	–
Spectrum - Assistance to Broadcasters for Electronic News Gathering	15,398	9,103	–	–	–
Stay Smart Online	979	520	500	500	533
Expenses not requiring appropriation in the Budget year²					
Digital Television Switchover	461	–	–	–	–
International Organisation Contributions	2,191	2,583	2,472	2,481	2,495
National Broadband Network - Regional Backbone Blackspots Program	11,093	11,798	10,874	9,142	7,779
Regional Telecommunications Review Response	170	–	–	–	–
Special Account Expenses:					
Australian New Zealand Land Information Telecommunications Universal Service Special Account	–	–	–	–	–
<i>Universal Service Obligation³</i>	–	–	270,000	270,000	270,000
<i>National Relay Service³</i>	–	–	20,000	20,000	20,000
<i>Other Public Interest³</i>	–	–	57,600	62,200	37,600
Annual departmental expenses:					
Programme support	107,844	90,292	85,301	84,715	85,638
Expenses not requiring appropriation in the Budget year ²	6,998	6,105	5,953	5,671	4,358
Total programme expenses	305,611	253,033	551,501	520,016	492,455

¹ The 2013-14 actual reflects the part-year effect of the expenses for the Indigenous Broadcasting and Regional Telecommunications Review Response – Indigenous Communications programmes, which were transferred to the Department of the Prime Minister and Cabinet in line with Administrative Arrangements Order changes announced by the Prime Minister on 18 September 2013.

² Expenses not requiring appropriation in the Budget year is made up of issuing of indefeasible rights of use, depreciation expense, amortisation expense, exchange rate movements, inventory expense and audit fees.

³ The special account expenses commence from 2015-16 reflecting the transfer of TUSMA functions to the Department.

Programme 1.1 Deliverables

ENHANCING DIGITAL PRODUCTIVITY

No changes have been made to Enhancing Digital Productivity deliverables since the 2014-15 PB Statements.

EXPANDING DIGITAL INFRASTRUCTURE

The following reflects revised deliverables for Expanding Digital Infrastructure since the 2014-15 PB Statements:

- Strategic advice and policy leadership to achieve the Government's plan for a fast and affordable National Broadband Network, including advice on implementation of the National Broadband Network initiative and support for the Minister for Communications in his role as Shareholder Minister of NBN Co.
- Implementation of, monitoring of and improvements to the regulatory framework for the National Broadband Network, including regulations applying to NBN Co operations and Telstra's Structural Separation and Migration Plan.
- Work with NBN Co and industry to ensure consumers and small business receive useful information about the rollout of the National Broadband Network.
- Advice on investment in, and access to, communications infrastructure and on infrastructure resilience and security.
- Development and implementation of the Mobile Black Spot Programme to expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities.
- Provision of 250 to 300 new or upgraded mobile base stations nationally under the Mobile Black Spot Programme.
- Reviewing the current spectrum policy arrangements to ease the compliance burden on users and improve accessibility for new technologies.
- Management of funding agreements with commercial broadcasters to assist in moving their electronic news gathering functions to alternate radiofrequency bands, to free up 2.5 gigahertz spectrum.
- Collaboration across government, industry, research institutions and the community to develop policies that deliver more efficient, trusted and secure enabling digital infrastructure.
- Policy advice on Australia's radiofrequency spectrum assets in the interests of Australian consumers and the economy, while providing certainty to communications infrastructure providers encompassing fixed-line, mobile and broadcasting service providers.

PROMOTING EFFICIENT COMMUNICATIONS MARKETS

The following reflects revised deliverables for Promoting Efficient Communications Markets since the 2014-15 PB Statements, with changes largely relating to the transfer of responsibility for the Enhancing Online Safety for Children initiative from the Department to the ACMA.

- Support the Minister on ABC and SBS policy and funding matters, the transmission of ABC and SBS services and on ABC and SBS board appointments.
- Provision of Community Broadcasting Program funding to assist community broadcasters, including with the delivery of community radio services.
- Advice to the Minister on appropriate consumer safeguards relating to the provision of content and communications services.
- Advice to the Minister on the production and provision of content, including media diversity and ownership.
- In consultation with stakeholders, assess the extent to which the current regulatory frameworks operating in the communications, broadcasting and media sectors remain appropriate, particularly given technological changes.
- Supporting consumer interests and protection against harm through policy advice and:
 - funding for the Australian Communications Consumer Action Network through the Consumer Representation Grants Program
 - advice on cybersecurity initiatives to inform and educate Australian consumers and small businesses about managing the risk of financial fraud and loss of personal information online.
- Establishment of the Office of the Children’s e-Safety Commissioner (the Commissioner).
- Establishment of, and support for, the Ministerial Advisory Council on Communications, which is tasked with providing advice on deregulation options across the Portfolio.
- Advice on the postal sector and protection of the Australian Government’s interest as a shareholder of Australia Post.

An updated deliverables table is below:

	2013-14 Actual	2014-15 Revised budget	2015-16 Forward year 1	2016-17 Forward year 2	2017-18 Forward year 3
Regional Services					
Satellite phone scheme subsidies provided	4,244	-	-	-	-
Mobile Black Spot Programme					
Mobile base stations	-	25-30	75-90	75-90	75-90

Programme 1.1 Key Performance Indicators

ENHANCING DIGITAL PRODUCTIVITY

No changes have been made to Enhancing Digital Productivity key performance indicators since the 2014-15 PB Statements.

EXPANDING DIGITAL INFRASTRUCTURE

No changes have been made to Expanding Digital Infrastructure key performance indicators since the 2014-15 PB Statements.

PROMOTING EFFICIENT COMMUNICATIONS MARKETS

Following the transfer of responsibility for the Enhancing Online Safety for Children initiative from the Department to the ACMA, the following key performance indicators are no longer relevant to the Department and have been removed:

- Funding agreements established with participating education authorities for administration by the Office of the Children’s e-Safety Commissioner.
- Extent to which the research for the Office of the Children’s e-Safety Commissioner provides useful input to online safety policy development.

All other indicators remain unchanged since the 2014-15 PB Statements. An updated Key Performance Indicator table is below.

Key Performance Indicators	2013-14 Actual	2014-15 Revised budget	2015-16 Forward year 1	2016-17 Forward year 2	2017-18 Forward year 3
Number of households assisted through					
Digital Switchover Programmes					
Household Assistance Scheme	95,000	-	-	-	-
Satellite Subsidy Scheme	9,500	-	-	-	-
Number of digital television services restacked	362	1,071	-	-	-
National Innovation					
Level of commercial revenue generated by the ICT Centre of Excellence (\$m)	8.8	9.9	10.8	-	-
PhD candidates sponsored by the ICT Centre of Excellence	296	240	240	-	-
Number of Australian jobs in ICT Centre of Excellence spin outs	88	85	95	-	-

Section 3: Explanatory Tables and Budgeted Financial Statements

3.1 EXPLANATORY TABLES

Estimates of Special Account Flows

Special Accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the Department. The corresponding table in the 2014-15 PB Statements is Table 3.1.2.

Table 3.1.1: Estimates of Special Account Flows and Balances

		Opening balance 2014-15 2013-14	Receipts 2014-15 2013-14	Payments 2014-15 2013-14	Adjustments 2014-15 2013-14	Closing balance 2014-15 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australia New Zealand Land Information – s78 of PGPA Act (A) ¹	1	133	–	36	–	97
		–	–	–	133	133
Total Special Accounts						
2014-15 Budget estimate		133	–	36	–	97
<i>Total Special Accounts</i>						
<i>2013-14 actual</i>		–	–	–	133	133

(A) = Administered

¹ PGPA Act – Public Governance, Performance and Accountability Act 2013

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of Budgeted Financial Statements

Departmental Financial Statements

Comprehensive Income Statement (showing net cost of services)

Revenue from Government in 2014-15 has increased from the 2014-15 Portfolio Budget Statements, mainly reflecting additional funding provided under the *Funding for pre-existing measures affecting the public sector* measure announced in the 2013-14 MYEFO. This has been set off, in part, by the transfer of \$0.8 million to the Australian Communications and Media Authority (ACMA) for Enhancing Online Safety for Children – support, and targeted savings of \$0.3 million.

The decrease in Own-source revenue reflects a change in reporting for the transitional arrangements for the transfer of the functions of the Telecommunications Universal Service Management Agency (TUSMA) to the Department. For 2014-15, this revenue is reported in TUSMA's financial accounts, whereas it had been shown in the Department's estimate in the 2014-15 PB Statement.

Schedule of Administered Activity

Schedule of income and expenses administered on behalf of Government

A net decrease in administered expenses from the 2014-15 PB Statement mainly reflects the transfer of \$2.1 million for Enhancing Online Safety for Children – support from the Department to the ACMA and a decrease of \$0.5 million resulting from the Administered Programme Indexation Pause. The movement in dividend non-taxation revenue reflects a significant deterioration in outlook for Australia Post.

Table 3.2.1: Budgeted Departmental Comprehensive Income Statement (Showing Net Cost of Services)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	72,772	65,015	58,505	59,651	60,833
Suppliers	35,465	25,604	27,123	25,392	25,133
Depreciation and amortisation	6,421	5,715	5,563	5,281	3,968
Finance costs	52	63	63	62	62
Write-down and impairment of assets	127	–	–	–	–
Other Expenses	5	–	–	–	–
Total expenses	114,842	96,397	91,254	90,386	89,996
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	2,786	615	–	–	–
Total own-source revenue	2,786	615	–	–	–
Gains					
Other gains	577	390	390	390	390
Total gains	577	390	390	390	390
Total own-source income	3,363	1,005	390	390	390
Net cost of (contribution by) services	111,479	95,392	90,864	89,996	89,606
Revenue from Government	106,089	89,677	85,301	84,715	85,638
Surplus (Deficit)¹	(5,390)	(5,715)	(5,563)	(5,281)	(3,968)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	969	–	–	–	–
Total other comprehensive income	969	–	–	–	–
Total comprehensive income (loss)	(4,421)	(5,715)	(5,563)	(5,281)	(3,968)
Note: Impact of Net Cash Appropriation Arrangements					
Total Comprehensive Income (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	2,000	–	–	–	–
less depreciation/amortisation expenses previously funded through revenue appropriations ²	6,421	5,715	5,563	5,281	3,968
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(4,421)	(5,715)	(5,563)	(5,281)	(3,968)

Prepared on Australian Accounting Standards basis.

¹ This operating loss relates to depreciation expenses, for which agencies receive no funding.

² From 2010-11, the Government introduced net cash appropriation arrangements where Appropriation Act No. 1 or Bill No. 3 revenue appropriations for the depreciation/amortisation expenses of Non-Corporate Commonwealth Entities were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Appropriation Act No. 1 or Bill No. 3 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	576	750	750	750	750
Trade and other receivables	25,208	9,476	6,633	7,025	9,260
Total financial assets	25,784	10,226	7,383	7,775	10,010
Non-financial assets					
Land and buildings	5,573	5,623	4,689	3,721	3,588
Property, plant and equipment	4,324	4,579	5,416	6,485	8,005
Intangibles	8,417	9,309	8,092	6,972	5,940
Other non-financial assets	1,542	1,310	1,269	1,417	1,390
Total non-financial assets	19,856	20,821	19,466	18,595	18,923
Total assets	45,640	31,047	26,849	26,370	28,933
LIABILITIES					
Payables					
Suppliers	3,654	2,933	3,162	4,002	4,051
Lease Incentives	256	465	630	783	736
Other payables	2,971	3,226	1,411	1,523	1,633
Total payables	6,881	6,624	5,203	6,308	6,420
Provisions					
Employee provisions	24,841	15,685	16,444	15,815	17,846
Other	3,903	3,967	1,745	1,809	1,874
Total provisions	28,744	19,652	18,189	17,624	19,720
Total liabilities	35,625	26,276	23,392	23,932	26,140
Net assets	10,015	4,771	3,457	2,438	2,793
EQUITY¹					
Parent entity interest					
Contributed equity	5,385	16,080	20,329	24,591	28,914
Reserves	9,834	9,834	9,834	9,834	9,834
Retained surplus (accumulated deficit)	(5,204)	(21,143)	(26,706)	(31,987)	(35,955)
Total parent entity interest	10,015	4,771	3,457	2,438	2,793
Total Equity	10,015	4,771	3,457	2,438	2,793

Prepared on Australian Accounting Standards basis.

¹'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.2.3: Departmental Statement of Changes in Equity — Summary of Movement (Budget Year 2014-15)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	(5,204)	9,834	5,385	10,015
Adjusted opening balance	(5,204)	9,834	5,385	10,015
Comprehensive income				
Surplus (deficit) for the period	(5,715)	–	–	(5,715)
Total comprehensive income recognised directly in equity	(5,715)	–	–	(5,715)
Transactions with owners				
Distributions by owners				
Other ¹	(10,731)	–	–	(10,731)
Contributions by owners				
Equity Injection - Appropriation	–	–	6,400	6,400
Departmental Capital Budget (DCBs)	–	–	4,095	4,095
Restructuring	507	–	200	707
Sub-total transactions with owners	(10,224)	–	10,695	471
Estimated closing balance as at 30 June 2015	(21,143)	9,834	16,080	4,771

Prepared on Australian Accounting Standards basis

¹ Reductions for appropriations as a result of the *Omnibus Repeal Day (Autumn 2014) Act 2014*.

Table 3.2.4: Budgeted Departmental Statement of Cash Flows (as at 30 June)

	Actual	Revised	Forward	Forward	Forward
	2013-14	budget	estimate	estimate	estimate
	\$'000	2014-15	2015-16	2016-17	2017-18
		\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	117,417	99,013	85,301	84,715	85,638
Sale of goods and rendering of services	4,051	615	–	–	–
Net GST received	3,410	–	–	–	–
Other	25	30	–	–	–
Total cash received	124,903	99,658	85,301	84,715	85,638
Cash used					
Employees	73,022	74,005	56,729	60,180	60,594
Suppliers	42,874	25,479	28,572	24,535	25,044
s74 Retained Revenue Receipts transferred to OPA	9,021	–	–	–	–
Other	2	–	–	–	–
Total cash used	124,919	99,484	85,301	84,715	85,638
Net cash from (used by) operating activities	(16)	174	–	–	–
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant, equipment and intangibles	4	–	–	–	–
Total cash received	4	–	–	–	–
Cash used					
Purchase of property, plant, equipment and intangibles	3,422	6,458	4,249	4,262	4,323
Total cash used	3,422	6,458	4,249	4,262	4,323
Net cash from (used by) investing activities	(3,418)	(6,458)	(4,249)	(4,262)	(4,323)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,422	6,458	4,249	4,262	4,323
Total cash received	3,422	6,458	4,249	4,262	4,323
Net cash from (used by) financing activities	–	–	–	–	–
Net increase (decrease) in cash held	(12)	174	–	–	–
Cash and cash equivalents at the beginning of the reporting period	588	576	750	750	750
Cash and cash equivalents at the end of the reporting period	576	750	750	750	750

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Capital Budget Statement — Departmental

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget – Act No. 1 (DCB)	4,244	4,095	4,249	4,262	4,323
Equity injections – Act No. 2 & Bill 4	1,141	6,400	–	–	–
Total new capital appropriations	5,385	10,495	4,249	4,262	4,323
Provided for:					
Purchase of non-financial assets	5,385	4,495	4,249	4,262	4,323
Other Items	–	6,000	–	–	–
Total Items	5,385	10,495	4,249	4,262	4,323
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,141	400	–	–	–
Funded by capital appropriation–DCB ¹	4,244	6,058	4,249	4,262	4,323
TOTAL AMOUNT SPENT	5,385	6,458	4,249	4,262	4,323
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,385	6,458	4,249	4,262	4,323
Total cash used to acquire assets	5,385	6,458	4,249	4,262	4,323

Prepared on Australian Accounting Standards basis.

¹ Includes purchases from prior years' Departmental Capital Budgets (DCBs).

Table 3.2.6: Statement of Asset Movements (2014-15)

	Land and Buildings	Property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014				
Gross book value	8,271	6,982	19,679	34,932
Accumulated depreciation/amortisation and impairment	(2,698)	(2,658)	(11,262)	(16,618)
Opening net book balance	5,573	4,324	8,417	18,314
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase—appropriation equity	1,325	1,452	3,681	6,458
From acquisition of entities or operations (including restructuring)	514	207	—	721
Total additions	1,839	1,659	3,681	7,179
Other movements				
Depreciation/amortisation expense	(1,647)	(1,279)	(2,789)	(5,715)
Depreciation/amortisation expense (including restructuring)	(142)	(125)	—	(267)
Total Other movements	(1,789)	(1,404)	(2,789)	(5,982)
As at 30 June 2015				
Gross book value	10,110	8,641	23,360	42,111
Accumulated depreciation/amortisation and impairment	(4,487)	(4,062)	(14,051)	(22,600)
Closing net book balance	5,623	4,579	9,309	19,511

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers ¹	38,568	14,768	351,195	354,063	328,133
Subsidies	4,763	–	–	–	–
Grants	133,920	128,071	95,354	61,842	60,543
Depreciation and amortisation	7,779	7,779	7,779	7,779	7,779
Payments to Corporate Entities	1,323,625	1,350,238	1,348,977	1,298,101	1,309,961
Other expenses	5,739	6,018	5,919	5,946	6,004
Total expenses administered on behalf of Government	1,514,394	1,506,874	1,809,224	1,727,731	1,712,420
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Interest	359	767	2,683	3,450	2,683
Dividends	142,300	–	–	–	–
Rental income	1,529	1,529	1,529	1,529	1,529
Other Revenue	481	–	–	–	–
Total non-taxation revenue	144,669	2,296	4,212	4,979	4,212
Total own-source revenues administered on behalf of Government	144,669	2,296	4,212	4,979	4,212
Total own-sourced income administered on behalf of Government	144,669	2,296	4,212	4,979	4,212
Net Cost of (contribution by) services	1,369,725	1,504,578	1,805,012	1,722,752	1,708,208
Surplus (Deficit)	(1,369,725)	(1,504,578)	(1,805,012)	(1,722,752)	(1,708,208)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to profit or loss					
Changes in asset revaluation surplus	5,665	–	–	–	–
(Losses)/Gains on available for sale financial assets	(1,286,945)	–	–	–	–
Total other comprehensive income	(1,281,280)	–	–	–	–
Total comprehensive income (loss)	(2,651,005)	(1,504,578)	(1,805,012)	(1,722,752)	(1,708,208)

Prepared on Australian Accounting Standards basis.

¹ Increase from 2015-16 reflects the Department of Communications taking over responsibility for the National Relay Service, Universal Service Obligation and Other Public Interest initiatives from the Telecommunications Universal Service Management Agency (TUSMA).

Table 3.2.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Trade and other receivables	45,771	72,880	124,050	102,780	82,780
Other investments	8,703,908	11,842,722	18,262,722	25,127,722	27,724,277
Total financial assets	8,749,679	11,915,602	18,386,772	25,230,502	27,807,057
Non-financial assets					
Property, plant and equipment	179,779	171,295	163,516	155,737	147,958
Other non-financial assets	10,381	6,956	3,870	2,521	2,555
Total non-financial assets	190,160	178,251	167,386	158,258	150,513
Total assets administered on behalf of Government	8,939,839	12,093,853	18,554,158	25,388,760	27,957,570
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	2,501	–	342,870	328,900	328,900
Subsidies	163	–	–	–	–
Grants	26,509	–	–	–	–
GST payable	5,743	5,743	5,743	5,743	5,743
Other payables	18,992	17,463	15,934	14,405	12,876
Total payables	53,908	23,206	364,547	349,048	347,519
Total liabilities administered on behalf of Government	53,908	23,206	364,547	349,048	347,519
Net assets/(liabilities)	8,885,931	12,070,647	18,189,611	25,039,712	27,610,051

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Interest	129	767	2,683	3,450	2,683
Dividends	142,300	–	–	–	–
Net GST received	22,292	16,799	44,076	42,724	38,868
Other	276	–	–	–	–
Total cash received	164,997	17,566	46,759	46,174	41,551
Cash used					
Grants	146,176	169,260	104,890	68,026	66,597
Subsidies	28,914	179	–	–	–
Suppliers	60,322	15,351	379,940	401,940	360,947
Payments to Corporate Entities	1,323,625	1,350,238	1,348,977	1,298,101	1,309,961
Other	6,157	5,907	5,928	5,960	6,038
Total cash used	1,565,194	1,540,935	1,839,735	1,774,027	1,743,543
Net cash from (used by) operating activities	(1,400,197)	(1,523,369)	(1,792,976)	(1,727,853)	(1,701,992)
INVESTING ACTIVITIES					
Cash received					
Loan repayments from Corporate Entities	3,000	20,000	–	20,000	20,000
Proceeds from return of equity from Corporate Entity	13,094	–	–	–	–
Total cash received	16,094	20,000	–	20,000	20,000
Cash used					
Loans to Corporate Entities	40,000	50,000	20,000	–	–
Corporate Entity Investments	3,193,300	5,200,000	6,420,000	6,865,000	2,596,555
Total cash used	3,233,300	5,250,000	6,440,000	6,865,000	2,596,555
Net cash from (used by) investing activities	(3,217,206)	(5,230,000)	(6,440,000)	(6,845,000)	(2,576,555)

Table 3.2.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June) (continued)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Net increase (decrease) in cash held	(4,617,403)	(6,753,369)	(8,232,976)	(8,572,853)	(4,278,547)
Cash and cash equivalents at beginning of reporting period	–	–	–	–	–
Cash from Official Public Account for:					
– Appropriations	219,758	173,898	197,775	164,300	163,068
– Corporate Entity Appropriations	4,556,925	6,600,238	7,788,977	8,163,101	3,906,516
– Special Accounts	–	–	344,900	364,900	327,600
– Section 30A Drawdowns	22,021	16,799	44,076	42,724	38,868
	4,798,704	6,790,935	8,375,728	8,735,025	4,436,052
Cash to Official Public Account for:					
– Appropriations	(183)	–	–	–	–
– Special Accounts	–	–	(95,993)	(95,998)	(95,954)
– Dividends	(142,300)	–	–	–	–
– Section 30A Drawdowns	(22,292)	(16,799)	(44,076)	(42,724)	(38,868)
– Other	(16,526)	(20,767)	(2,683)	(23,450)	(22,683)
	(181,301)	(37,566)	(142,752)	(162,172)	(157,505)
Cash and cash equivalents at end of reporting period	–	–	–	–	–

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget

	Actual	Revised	Forward	Forward	Forward
	2013-14	budget	estimate	estimate	estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Administered Assets and Liabilities – Act 2	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555
Total new capital appropriations	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555
Provided for:					
Other Items	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555
Total Items	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555

Prepared on Australian Accounting Standards basis.

Table 3.2.11: Statement of Administered Asset Movements (2014-15)

	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2014		
Gross book value	182,713	182,713
Accumulated depreciation/amortisation and impairment	(2,934)	(2,934)
Opening net book balance	179,779	179,779
Other movements		
Depreciation/amortisation expense	(7,779)	(7,779)
Assets transferred in/(out)	(713)	(713)
Depreciation/amortisation expense - assets transferred in/(out)	8	8
Total other movements	(8,484)	(8,484)
As at 30 June 2015		
Gross book value	182,713	182,713
Assets transferred in/(out)	(713)	(713)
Accumulated depreciation/amortisation and impairment	(10,705)	(10,705)
Closing net book balance	171,295	171,295

Prepared on Australian Accounting Standards basis.

Notes to the Financial Statements

Departmental financial statements and schedule of administered activity

The financial statements have been prepared in accordance with Australian Accounting Standards.

Appropriations in the accrual budgeting framework

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

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations: for investments by the Government, either through additional equity or loans in agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states and territories or local Government; and
- Special appropriations: to fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement-driven or involve transfers to State Governments).

Administered investments in controlled entities

Each Commonwealth Department is required to show an administered investment in each corporate entity within their portfolio. These administered investments are recorded at their fair value.

Asset valuation

Infrastructure, plant and equipment is valued at fair value. To ensure that assets carrying amounts do not materially differ from fair value, the Department re-values infrastructure, plant and equipment on an annual basis.