

Telecommunications Universal Service Management Agency

Agency Resources and Planned Performance

TELECOMMUNICATIONS UNIVERSAL SERVICE MANAGEMENT AGENCY

Section 1: Agency Overview and Resources	151
1.1 Strategic direction statement	151
1.2 Agency resource statement	152
1.3 Budget measures.....	153
Section 2: Outcomes and Planned Performance.....	155
2.1 Outcomes and performance information	155
Section 3: Explanatory Tables and Budgeted Financial Statements.....	159
3.1 Explanatory tables	159
3.2 Budgeted financial statements.....	161

TELECOMMUNICATIONS UNIVERSAL SERVICE MANAGEMENT AGENCY

Section 1: Agency Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The Telecommunications Universal Service Management Agency (TUSMA) is responsible for entering into contracts, and making grants, to support the provision of public interest telecommunications services for all Australian's including:

- standard telephone services;
- payphones;
- emergency call services; and
- the National Relay Service (NRS).

TUSMA will also maintain a register of public interest telecommunications contracts and grants.

In performing its functions, TUSMA will administer contracts and grants to ensure that standard telephone services and payphones are reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business.

Emergency call services will continue to be available, free of charge, and the NRS will be accessible to persons in Australia who are deaf or have a hearing and/or speech impairment.

TUSMA is committed to ensuring safeguards that protect the interests of consumers during and beyond the transition to the National Broadband Network (NBN).

The role and functions of TUSMA are set out in the *Telecommunications Universal Service Management Agency Act 2012 (TUSMA Act)*. TUSMA is prescribed as an agency under the *Financial Management and Accountability Act 1997 (FMA Act)*.

The Australian Communications and Media Authority (ACMA) will collect a levy imposed on carriers under the *Telecommunications (Industry Levy) Act 2012* and the TUSMA Act. Along with government funding, the levy will be used to pay contractors and grant recipients and contribute to the administrative cost of TUSMA.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: TUSMA Resource Statement — Budget Estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services¹				
Departmental appropriation				
Departmental appropriation	-	5,011	5,011	4,800
Total	-	5,011	5,011	4,800
Total ordinary annual services	A	5,011	5,011	4,800
Other Services				
Administered expenses				
Outcome 1	-	85,430	85,430	45,000
Total	-	85,430	85,430	45,000
Departmental non-operating				
Equity injections	-	-	-	200
Total	-	-	-	200
Total other services	B	85,430	85,430	45,200
Total available annual appropriations	-	90,441	90,441	50,000
Total appropriations excluding Special Accounts	-	90,441	90,441	50,000
Special Accounts				
Opening balance ²	30,837	-	30,837	-
Appropriation receipts	-	309,889	309,889	45,000
Total Special Account	C	309,889	340,726	45,000
Total resourcing				
A+B+C	30,837	400,330	431,167	95,000
Less appropriations drawn from annual or special appropriations above and credited to the special account	-	(85,430)	(85,430)	(45,000)
Total net resourcing for TUSMA	30,837	314,900	345,737	50,000

1 Appropriation Bill (No.1) 2013-14.

2 Estimated opening balance for Special Account. For further details on special account see Table 3.1.2.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to TUSMA are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: TUSMA 2013-14 Budget measures
Measures announced since the 2012-13 MYEFO**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Untimed Local Calls in the Extended Zones - continuation ¹	1.1					
Administered expenses		-	nfp	nfp	nfp	nfp
Total		-	nfp	nfp	nfp	nfp
Total expense measures						
Administered		-	nfp	nfp	nfp	nfp
Total		-	nfp	nfp	nfp	nfp

Prepared on a Government Finance Statistics (fiscal) basis.

The figures for this measure are not for publication ('nfp') to protect TUSMA's position in negotiations.

Section 2: Outcomes and Planned Performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of TUSMA in achieving Government outcomes.

Outcome 1:

Support the delivery of universal service and other public interest telecommunications services for all Australians in accordance with Government policy, including through the management of telecommunications service agreements and grants

Outcome 1 Strategy

The Telecommunications Service Agreements and Grants program supports the efficient, effective and transparent management of TUSMA's responsibilities in achieving its outcome by:

- administering agreements with third parties to deliver services that meet standards, rules and benchmarks that apply to public interest telecommunications services;
- fostering opportunities for industry service providers to contribute to the development and effective management of telecommunications service agreements; and
- continuing to be responsive to the needs of Australians through effective administration of agreements.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1:	2012-13	2013-14
Support of the delivery of universal service and other public interest telecommunications services for all Australians in accordance with Government policy, including through the management of telecommunications service agreements and grants	Estimated actual expenses S'000	Estimated expenses S'000
Program 1.1: Telecommunications Service Agreements and Grants		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	45,000	85,430
<i>Less Special Accounts</i>	(45,000)	(85,430)
Special Account		
Telecommunications Universal Services Special Account	14,163	340,726
Expenses not requiring appropriation in the Budget year ¹	294,582	700
Departmental expenses		
Departmental appropriation ²	4,800	5,011
Expenses not requiring appropriation in the Budget year ¹	20	20
Total for Program 1.1	313,565	346,457
Average Staffing Level (number)	15	17

1 Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense and Supplier Expenses funded by levy in the following year.

2 'Ordinary annual services (Appropriation Bill No. 1)'.

Contributions to Outcome 1

Program 1.1: Telecommunications Service Agreements and Grants

Program objective

To deliver public interest telecommunications services through effective agreements and grants.

Administered activities

Together with an annual appropriation, the Telecommunications Industry Levy provides for funding to ensure the delivery of public interest telecommunications services, including:

- the Universal Service Obligation (USO), which ensures that standard telephone services and payphones are to be reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business;
- the NRS, which assists people who are deaf, or have a hearing and/or speech impairment, to access a telephone service equivalent to the standard telephone service available to all Australians;
- emergency call services that are available free of charge to all end users of standard telephone services in Australia; and
- programs to support the continuity of supply of carriage services during the transition to the NBN.

Linked to:

Elements of the administered items in Program 1.1 are also related to ACMA's activities associated with its responsibilities for determining telecommunications carriers' contributions to the levy amount, and for enforcing compliance with the USO and emergency call service requirements.

Program Expenses

The special account expenditure covers basic but essential telecommunications services, including contractual and grant liabilities. TUSMA's administrative costs are departmental expenses directly appropriated by the Government.

(\$'000)	Estimated actual 2012-13	Budget estimate 2013-14	Forward estimate 2014-15	Forward estimate 2015-16	Forward estimate 2016-17
Annual Administered expenses					
<i>National Relay Service</i>	17,200	20,000	20,000	20,000	20,000
<i>Universal Service Obligation</i>	270,000	270,000	270,000	270,000	270,000
<i>Other Public Interest Services</i>	21,545	51,426	47,700	37,600	37,600
Annual Departmental Expenses					
<i>Program Support</i>	4,800	5,011	5,058	5,116	5,174
<i>Expenses not requiring appropriation in the Budget Year¹</i>	20	20	20	20	20
Total program expenses	313,565	346,457	342,778	332,736	332,794

¹ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense.

Program 1.1 Deliverables

In a time of telecommunications industry change with the structural separation of Telstra and the rollout of the NBN as a national, open-access, wholesale only telecommunications network, TUSMA continue to implement a contractual model for the delivery of telecommunications universal services.

TUSMA will put in place contracts and grants to achieve:

- reasonable and equitable access to standard telephone service and payphones by all Australians;
- continued delivery of the Emergency Call Service and the NRS;
- the continuity of supply of carriage services during the transition to the NBN through information programs and customer cabling installation programs; and
- continued availability of untimed local calls for customers outside standard zones.

Program 1.1 Key Performance Indicators

- Percentage (%) of public interest services that are delivered within standards, rules and benchmarks outlined in contracts.
- Reports on the compliance of contractors and grant recipients are made available within agreed timeframes.
- A register of public interest telecommunications contracts and grants is maintained and accessible to the public at all times.

Section 3: Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013-14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of Administered Funds Between Years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds Between Years

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Outcome1:					
Other Public Interest Services	(10,000)	-	10,000	-	-
Total Movement of Administered Funds					
Total	(10,000)	-	10,000	-	-

Prepared on a Government Finance Statistics (fiscal) basis

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the TUSMA.

Table 3.1.2: Estimates of Special Account Flows and Balances

		Opening balance	Receipts	Payments	Adjustments	Closing balance
		2013-14	2013-14	2013-14	2013-14	2013-14
		<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>	<i>2012-13</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Telecommunications Universal Services Special Account (A) <i>s21 FMA Act 1997 and s84 TUSMA Act¹ 2012</i>	1	30,837	309,889	340,726	-	-
		-	45,000	14,163	-	30,837
Total Special Accounts 2013-14 Budget estimate		30,837	309,889	340,726	-	-
<i>Total Special Accounts 2012-13 estimated actual</i>		-	45,000	14,163	-	30,837

(A) = Administered

1 Telecommunications Universal Service Management Agency Act 2012.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in Agency Resourcing and Financial Statements

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

3.2.2 Analysis of Budgeted Financial Statements

Departmental financial statements

Departmental costs are projected to be around \$5.0 million per annum over the Budget and forward years.

Administered financial statements

Administered expenses cover the payments of contracts and grants for the delivery of the USO for standard telephone services and payphones, emergency call service, NRS and other public interest telecommunications services.

3.2.3 Budgeted Financial Statements Tables

Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,928	2,018	2,034	2,058	2,101
Suppliers	2,872	2,993	3,024	3,058	3,073
Depreciation and amortisation	20	20	20	20	20
Total expenses	4,820	5,031	5,078	5,136	5,194
Net cost of (contribution by) services	(4,820)	(5,031)	(5,078)	(5,136)	(5,194)
Revenue from Government	4,800	5,011	5,058	5,116	5,174
Surplus (Deficit) attributable to the Australian Government¹	(20)	(20)	(20)	(20)	(20)
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(20)	(20)	(20)	(20)	(20)
Total comprehensive income (loss) attributable to the Australian Government	(20)	(20)	(20)	(20)	(20)
1. Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	20	20	20	20	20
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(20)	(20)	(20)	(20)	(20)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	50	50	50	50	50
Trade and other receivables	291	352	414	405	405
Total financial assets	341	402	464	455	455
Non-financial assets					
Property, plant and equipment	180	160	140	120	100
Total non-financial assets	180	160	140	120	100
Total assets	521	562	604	575	555
LIABILITIES					
Payables					
Suppliers	239	246	253	261	261
Total payables	239	246	253	261	261
Provisions					
Employee provisions	102	156	211	194	194
Total provisions	102	156	211	194	194
Total liabilities	341	402	464	455	455
Net assets	180	160	140	120	100
EQUITY					
Parent entity interest					
Contributed equity	200	200	200	200	200
Retained surplus (accumulated deficit)	(20)	(40)	(60)	(80)	(100)
Total parent entity interest	180	160	140	120	100
Total Equity	180	160	140	120	100

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental Statement of Changes in Equity — Summary of Movement (Budget Year 2013-14)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity / capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(20)	-	-	200	180
Adjusted opening balance	(20)	-	-	200	180
Comprehensive income					
Surplus (deficit) for the period	(20)	-	-	-	(20)
Total comprehensive income	(20)	-	-	-	(20)
Estimated closing balance as at 30 June 2014	(40)	-	-	200	160
Closing balance attributable to the Australian Government	(40)	-	-	200	160

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,509	4,950	4,996	5,125	5,174
Receipts from Government	283	301	304	308	307
Total cash received	4,792	5,251	5,300	5,433	5,481
Cash used					
Employees	1,827	1,964	1,980	2,075	2,101
Suppliers	2,632	2,986	3,016	3,050	3,073
Net GST paid	283	301	304	308	307
Total cash used	4,742	5,251	5,300	5,433	5,481
Net cash from (used by) operating activities	50	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant, and equipment	200	-	-	-	-
Total cash used	200	-	-	-	-
Net cash from (used by) investing activities	(200)	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Contributed equity	200	-	-	-	-
Total cash received	200	-	-	-	-
Net cash from (used by) financing activities	200	-	-	-	-
Net increase (decrease) in cash held	50	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	-	50	50	50	50
Cash and cash equivalents at the end of the reporting period	50	50	50	50	50

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	200	-	-	-	-
Total new capital appropriations	200	-	-	-	-
<i>Provided for:</i>					
Purchase of non-financial assets	200	-	-	-	-
Total Items	200	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	200	-	-	-	-
TOTAL	200	-	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	200	-	-	-	-
Total cash used to acquire assets	200	-	-	-	-

Prepared on Australian Accounting Standards basis.

¹ Includes prior Act 2 appropriation.

Table 3.2.6: Statement of Asset Movements (2013-14)

	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2013		
Gross book value	200	200
Accumulated depreciation/amortisation and impairment	(20)	(20)
Opening net book balance	180	180
CAPITAL ASSET ADDITIONS		
Estimated expenditure on new or replacement assets		
By purchase—appropriation equity	-	-
Total additions	-	-
Other movements		
Depreciation/amortisation expense	(20)	(20)
As at 30 June 2014		
Gross book value	200	200
Accumulated depreciation/amortisation and impairment	(40)	(40)
Closing net book balance	160	160

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)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Supplier expenses	308,745	341,426	337,700	327,600	327,600
Total expenses administered on behalf of Government	308,745	341,426	337,700	327,600	327,600

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	30,837	-	13,358	23,600	23,542
Total financial assets	30,837	-	13,358	23,600	23,542
Total assets administered on behalf of Government	30,837	-	13,358	23,600	23,542
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	294,582	295,282	295,282	295,582	295,882
Total payables	294,582	295,282	295,282	295,582	295,882
Total liabilities administered on behalf of Government	294,582	295,282	295,282	295,582	295,882

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	1,416	34,073	33,770	32,730	32,730
Total cash received	1,416	34,073	33,770	32,730	32,730
Cash used					
Suppliers	14,163	340,726	337,700	327,300	327,300
Net GST paid	1,416	34,073	33,770	32,730	32,730
Total cash used	15,579	374,799	371,470	360,030	360,030
Net cash from (used by) operating activities	(14,163)	(340,726)	(337,700)	(327,300)	(327,300)
Net increase (decrease) in cash held	(14,163)	(340,726)	(337,700)	(327,300)	(327,300)
Cash and cash equivalents at beginning of reporting period	-	30,837	-	13,358	23,600
Cash from Official Public Account for:					
- Appropriations	45,000	85,430	94,942	94,884	94,826
- Special Accounts	-	224,459	256,116	242,658	232,416
- Section 30A Drawdowns	1,416	34,073	33,770	32,730	32,730
	46,416	343,962	384,828	370,272	359,972
Cash to Official Public Account for:					
- Section 30A Drawdowns	(1,416)	(34,073)	(33,770)	(32,730)	(32,730)
	(1,416)	(34,073)	(33,770)	(32,730)	(32,730)
Cash and cash equivalents at end of reporting period	30,837	-	13,358	23,600	23,542

Prepared on Australian Accounting Standards basis

3.2.4 Notes to the Financial Statements

Budgeted financial statements

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