

Telecommunications Universal Service Management Agency

Agency Resources and Planned Performance

TELECOMMUNICATIONS UNIVERSAL SERVICE MANAGEMENT AGENCY

Section 1: Agency Overview and Resources	143
1.1 Strategic direction statement	143
1.2 Agency resource statement	145
1.3 Budget measures.....	146
Section 2: Outcomes and Planned Performance.....	147
2.1 Outcomes and performance information	147
Section 3: Explanatory Tables and Budgeted Financial Statements.....	151
3.1 Explanatory tables	151
3.2 Budgeted financial statements.....	153

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 Australians 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 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.

TUSMA Budget Statements

The Government has agreed to transfer the functions of TUSMA to the Department of Communications. Transitional arrangements will be in place for 2014-15, prior to the passage of legislation.

Estimates relating to these functions from 2015-16 onwards are reported in the Department of Communications chapter of these Budget Statements. Deliverables and key performance indicators relating to these functions are included in the TUSMA chapter of these Budget Statements and will be reported in the Department of Communications Budget Statements from 2015-16.

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 2014-15 as at Budget May 2014**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total Estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	–	–	–	1,403
Departmental appropriation	–	4,025	4,025	5,011
Total	–	4,025	4,025	6,414
Administered expenses				
Outcome 1	–	95,975	95,975	85,430
Total	–	95,975	95,975	85,430
Total ordinary annual services	A	100,000	100,000	91,844
Other Services				
Departmental non-operating				
Equity injections	–	–	–	–
Total	–	–	–	–
Total other services	B	–	–	–
Total available annual Appropriations	–	100,000	100,000	91,844
Total appropriations excluding Special Accounts	–	100,000	100,000	91,844
Special Accounts				
Opening balance ³	25,050	–	25,050	30,867
Appropriation receipts	–	328,200	328,200	306,249
Total Special Account	C	328,200	353,250	337,116
Total resourcing	A+B+C	428,200	453,250	428,960
Less appropriations drawn from annual or special appropriations above and credited to the special account	–	(95,975)	(95,975)	(85,430)
Total net resourcing for TUSMA	25,050	332,225	357,275	343,530

1 Appropriation Bill (No.1) 2014-2015.

2 Estimated adjusted balance carried forward from previous year.

3 Estimated opening balance for Special Accounts. For further details on special account see Table 3.1.2.

Note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to TUSMA are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: TUSMA 2014-15 Budget measures
Part 1: Measures announced since the 2013-14 MYEFO

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Smaller Government –						
Telecommunications Universal Service Management Agency – abolition and transfer to the Department of Communications	1.1					
Administered expenses		–	–	(347,600)	(327,600)	(327,600)
Departmental expenses		–	(957)	(4,960)	(4,953)	(5,007)
Total		–	(957)	(352,560)	(332,553)	(332,607)
Total expense measures						
Administered		–	–	(347,600)	(327,600)	(327,600)
Departmental		–	(957)	(4,960)	(4,953)	(5,007)
Total		–	(957)	(352,560)	(332,553)	(332,607)

Part 2: MYEFO measures not previously reported in a portfolio statement

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures						
Efficiency Dividend - temporary increase in the rate	1.1					
Departmental expenses		–	(51)	(116)	(181)	–
Total		–	(51)	(116)	(181)	–
Total expense measures						
Departmental		–	(51)	(116)	(181)	–
Total		–	(51)	(116)	(181)	–

Prepared on a Government Finance Statistics (fiscal) basis.

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 programmes are the primary vehicle by which Government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, 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 programme supports the efficient, effective and transparent management of TUSMA's responsibilities in achieving its outcome by:

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

Outcome Expense Statement

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

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1:	2013-14	2014-15
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 \$'000	Estimated expenses \$'000
Programme 1.1: Telecommunications Service Agreements and Grants		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	85,430	95,975
<i>Less Special Account</i>	<i>(85,430)</i>	<i>(95,975)</i>
Special Account		
Telecommunications Universal Service Special Account	312,066	328,200
Expenses not requiring appropriation in the Budget year ¹	9,360	9,500
Departmental expenses		
Departmental appropriation ²	5,011	4,025
Expenses not requiring appropriation in the Budget year ³	200	170
Total for Programme 1.1	326,637	341,895
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	85,430	95,975
<i>Less Special Account</i>	<i>(85,430)</i>	<i>(95,975)</i>
Special Account		
Telecommunications Universal Service Special Account	312,066	328,200
Expenses not requiring appropriation in the Budget year ¹	9,360	9,500
Departmental expenses		
Departmental appropriation ²	5,011	4,025
Expenses not requiring appropriation in the Budget year ³	200	170
Total expenses for Outcome 1	326,637	341,895
Average Staffing Level (number)	2013-14	2014-15
	15	14

¹ Expenses not requiring appropriation in the Budget year is made up of supplier expenses funded by levy in the following year.

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

³ Expenses not requiring appropriation in the Budget year is made up of depreciation expenses and audit fees.

Contributions to Outcome 1

Programme 1.1: Telecommunications Service Agreements and Grants

Programme objective

To deliver public interest telecommunications services through effective contracts 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 National Relay Service (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
- programmes to support the continuity of supply of carriage services during the transition to the NBN.

Linked to:

Elements of the administered items in Programme 1.1 are also delivered by the ACMA which is responsible for determining telecommunication carriers' contributions to the levy amount, and for enforcing compliance with the USO and emergency call service requirements.

Programme 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.

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual administered expenses:					
National Relay Service	20,000	20,000	-	-	-
Universal Service Obligation	270,000	270,000	-	-	-
Other Public Interest	31,426	47,700	-	-	-
Annual departmental expenses:					
Programme support	5,011	4,025	-	-	-
Expenses not requiring appropriation in the Budget year ¹	200	170	-	-	-
Total programme expenses	326,637	341,895	-	-	-

¹ Expenses not requiring appropriation in the Budget year is made up of depreciation expense and audit fees.

Programme 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, and wholesale only telecommunications network, TUSMA continues to implement and manage contractual arrangements for the delivery of telecommunications universal services.

TUSMA has 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 (Triple Zero) and the National Relay Service, which includes delivering relay services to the speech and hearing impaired and an outreach service to provide support services
- the continuity of supply of carriage services during the transition to the NBN through information programmes, customer cabling installation programmes, and carriage service development programmes
- continued availability of untimed local calls for customers outside standard zones.

Programme 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 2014-15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 financial year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds Between Years

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Outcome 1:					
Other Public Interest ¹	(20,000)	-	-	-	-
Total Movement of Administered Funds	(20,000)	-	-	-	-

¹ The \$20.0 million for Other Public Interest has been moved to 2015-16. This estimate is reflected in the Department of Communications Budget Statements.

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 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
Telecommunications Universal Service Special Account (A) s21 FMA Act 1997 and s84 TUSMA Act ¹ 2012	1	25,050	328,200	328,200	–	25,050
		30,867	306,249	312,066	–	25,050
Total Special Accounts						
2014-15 Budget estimate		25,050	328,200	328,200	–	25,050
<i>Total Special Accounts</i>						
<i>2013-14 estimated actual</i>		30,867	306,249	312,066	–	25,050

(A) = Administered

1 Telecommunications Universal Service Management Agency Act 2012.

3.1.3 Australian Government Indigenous Expenditure

The 2014-15 Australian Government Indigenous Statement is not applicable because TUSMA has no indigenous specific expenses.

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 approximately \$4.0 million for the 2014-15 Budget.

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	2,340	1,927	-	-	-
Suppliers	2,731	2,128	-	-	-
Depreciation and amortisation	140	140	-	-	-
Total expenses	5,211	4,195	-	-	-
LESS:					
OWN-SOURCE INCOME					
Gains					
Other gains	60	30	-	-	-
Total gains	60	30	-	-	-
Total own-source income	60	30	-	-	-
Net cost of (contribution by) services	(5,151)	(4,165)	-	-	-
Revenue from Government	5,011	4,025	-	-	-
Surplus (Deficit)	(140)	(140)	-	-	-
Surplus (Deficit) attributable to the Australian Government	(140)	(140)	-	-	-
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	(140)	(140)	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	(140)	(140)	-	-	-
Note: Impact of Net Cash Appropriation Arrangements					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	140	140	-	-	-
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(140)	(140)	-	-	-

Prepared on Australian Accounting Standards basis.

1 From 2010-11, the Government introduced net cash appropriation arrangements where Appropriation Act No. 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Appropriation Act No. 1.

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

	Estimated actual 2013-14 \$'000	Budget estimate 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	50	50	–	–	–
Trade and other receivables	1,500	1,562	–	–	–
Total financial assets	1,550	1,612	–	–	–
Non-financial assets					
Land and buildings	372	295	–	–	–
Property, plant and equipment	82	19	–	–	–
Other non-financial assets	6	6	–	–	–
Total non-financial assets	460	320	–	–	–
Total assets	2,010	1,932	–	–	–
LIABILITIES					
Payables					
Suppliers	527	534	–	–	–
Lease Incentives	53	53	–	–	–
Other payables	75	75	–	–	–
Total payables	655	662	–	–	–
Provisions					
Employee provisions	579	624	–	–	–
Other	69	79	–	–	–
Total provisions	648	703	–	–	–
Total liabilities	1,303	1,365	–	–	–
Net assets	707	567	–	–	–
EQUITY					
Parent entity interest					
Contributed equity	200	200	–	–	–
Retained surplus (accumulated deficit)	507	367	–	–	–
Total parent entity interest	707	567	–	–	–
Total Equity	707	567	–	–	–

Prepared on Australian Accounting Standards basis.

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

	Retained earnings	Asset Revaluation Reserve	Other reserves	Contributed equity/ capital	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	507	–	–	200	707
Adjusted opening balance	507	–	–	200	707
Comprehensive income					
Surplus (deficit) for the period	(140)	–	–	–	(140)
Total comprehensive income recognised directly in equity	(140)	–	–	–	(140)
Estimated closing balance as at 30 June 2015	367	–	–	200	567
Closing balance attributable to the Australian Government	367	–	–	200	567

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward Estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	4,950	4,025	-	-	-
Net GST received	267	210	-	-	-
Total cash received	5,217	4,235	-	-	-
Cash used					
Employees	2,286	1,927	-	-	-
Suppliers	2,665	2,098	-	-	-
Net GST paid	267	210	-	-	-
Total cash used	5,218	4,235	-	-	-
Net cash from (used by) operating activities	(1)	-	-	-	-
Net increase (decrease) in cash held	(1)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	51	50			
Cash and cash equivalents at the end of the reporting period	50	50	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

This table is not required as there are no capital appropriations to TUSMA.

TUSMA Budget Statements

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

	Land and Buildings \$'000	Property, plant and Equipment \$'000	Total \$'000
As at 1 July 2014			
Gross book value	514	207	721
Accumulated depreciation/amortisation and impairment	(142)	(125)	(267)
Opening net book balance	372	82	454
Other movements			
Depreciation/amortisation expense	(77)	(63)	(140)
Total other movements	(77)	(63)	(140)
As at 30 June 2015			
Gross book value	514	207	721
Accumulated depreciation/amortisation and impairment	(219)	(188)	(407)
Closing net book balance	295	19	314

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	321,426	337,700	–	–	–
Total expenses administered on behalf of Government	321,426	337,700	–	–	–

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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward Estimate 2015-16 \$'000	Forward Estimate 2016-17 \$'000	Forward Estimate 2017-18 \$'000
ASSETS					
Financial assets					
Trade and other receivables	29,950	30,900	–	–	–
Total financial assets	29,950	30,900	–	–	–
Total assets administered on behalf of Government	29,950	30,900	–	–	–
LIABILITIES					
Payables					
Suppliers	329,450	339,900	–	–	–
Total payables	329,450	339,900	–	–	–
Total liabilities administered on behalf of Government	329,450	339,900	–	–	–
Net assets/(liabilities)	(299,500)	(309,000)	–	–	–

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward Estimate 2015-16 \$'000	Forward Estimate 2016-17 \$'000	Forward Estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	31,207	32,820	-	-	-
Total cash received	31,207	32,820	-	-	-
Cash used					
Suppliers	312,066	328,200	-	-	-
Net GST paid	31,207	32,820	-	-	-
Total cash used	343,273	361,020	-	-	-
Net cash from (used by) operating activities	(312,066)	(328,200)	-	-	-
Net increase (decrease) in cash held					
	(312,066)	(328,200)			
Cash and cash equivalents at beginning of reporting period					
	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	85,430	95,975	-	-	-
- Special Accounts	312,066	328,200	-	-	-
- Section 30A Drawdowns	31,207	32,820	-	-	-
	428,703	456,995	-	-	-
Cash to Official Public Account for:					
- Special Accounts	(85,430)	(95,975)	-	-	-
- Section 30A Drawdowns	(31,207)	(32,820)	-	-	-
	(116,637)	(128,795)	-	-	-
Cash and cash equivalents at end of reporting period	-	-	-	-	-

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).