

# **Department of Communications**

## **Agency Resources and Planned Performance**



# DEPARTMENT OF COMMUNICATIONS

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## **DEPARTMENT OF COMMUNICATIONS**

### **Section 1: Agency Overview and Resources**

#### **1.1 STRATEGIC DIRECTION STATEMENT**

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 continuing initiatives along with new measures in the 2014–15 Budget.

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
- completing the restack of national and commercial digital television channels across Australia and exploring further opportunities for making spectrum available for new services
- 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.

## *Communications Budget Statements*

Significant new measures in 2014–15 include:

- delivering the Mobile Black Spot Programme to further expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities
- Enhancing Online Safety for Children, including establishing a Children’s e-Safety Commissioner in 2014.

Since the 2013–14 PB Statements were issued, several structural changes have occurred in this Department, which are detailed below.

The following two changes have occurred as a result of the Administrative Arrangements Order (AAO) changes announced by the Prime Minister on 18 September 2013:

- The Department’s name was officially changed from the ‘Department of Broadband, Communications and the Digital Economy’ to the ‘Department of Communications’
- Ministerial responsibility for the Indigenous Communications Program and the Indigenous Broadcasting Program has been transferred from the Department of Communications to the Department of the Prime Minister and Cabinet. This transfer was completed via a legislative instrument under section 32 of the *Financial Management and Accountability Act 1997*.

A further change has occurred as the result of an administrative re-arrangement under section 72(1)(a) of the Public Service Act 1999, whereby the Office of Spatial Policy transferred from the Department of Industry to the Department of Communications, with effect from 24 April 2014.

The Government has also agreed to transfer the functions of the Telecommunications Universal Service Management Agency (TUSMA) to the Department of Communications. Transitional arrangements will be in place for 2014–15, prior to the passage of legislation.

Estimates relating to TUSMA 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: Communications 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
<b>Ordinary annual services<sup>1</sup></b>				
<b>Departmental Appropriation</b>				
Prior year departmental appropriation <sup>2</sup>	20,468	–	20,468	18,541
Departmental appropriation <sup>3</sup>	–	90,390	90,390	110,066
s31 Relevant agency receipts <sup>4</sup>	–	4,025	4,025	2,970
<b>Total</b>	<b>20,468</b>	<b>94,415</b>	<b>114,883</b>	<b>131,577</b>
Administered expenses				
Prior year administered appropriation	–	–	–	94,449
Outcome 1	–	147,591	147,591	191,525
Payments to CAC Act bodies	–	1,350,698	1,350,698	1,323,625
<b>Total</b>	<b>–</b>	<b>1,498,289</b>	<b>1,498,289</b>	<b>1,609,599</b>
<b>Total ordinary annual services</b>	<b>A 20,468</b>	<b>1,592,704</b>	<b>1,613,172</b>	<b>1,741,176</b>
<b>Departmental non-operating</b>				
Prior year departmental Equity Injection	–	–	–	1,141
Equity injections	–	619	619	–
<b>Total</b>	<b>–</b>	<b>619</b>	<b>619</b>	<b>1,141</b>
<b>Administered non-operating</b>				
Prior year administered appropriation	1,970,555	–	1,970,555	3,971,555
Administered assets and liabilities	–	3,229,445	3,229,445	1,379,000
Payments to CAC Act bodies - non-operating	–	50,000	50,000	43,300
<b>Total</b>	<b>1,970,555</b>	<b>3,279,445</b>	<b>5,250,000</b>	<b>5,393,855</b>
<b>Total other services</b>	<b>B 1,970,555</b>	<b>3,280,064</b>	<b>5,250,619</b>	<b>5,394,996</b>
<b>Total available annual appropriations</b>	<b>1,991,023</b>	<b>4,872,768</b>	<b>6,863,791</b>	<b>7,136,172</b>
<b>Total appropriations excluding Special Accounts</b>	<b>1,991,023</b>	<b>4,872,768</b>	<b>6,863,791</b>	<b>7,136,172</b>

**Table 1.1: Communications Resource Statement  
Budget Estimates for 2014-15 as at Budget May 2014 (continued)**

	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
<b>Special Accounts</b>				
Opening balance <sup>5</sup>	139	–	139	139
<b>Total Special Account</b>	<b>C 139</b>	<b>–</b>	<b>139</b>	<b>139</b>
<b>Total resourcing</b>				
A+B+C	<b>1,991,162</b>	<b>4,872,768</b>	<b>6,863,930</b>	<b>7,136,311</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through non-operating	–	(1,400,698)	(1,400,698)	(1,366,925)
<b>Total net resourcing for Communications</b>	<b>1,991,162</b>	<b>3,472,070</b>	<b>5,463,232</b>	<b>5,769,386</b>

1 Appropriation Bill (No.1) 2014-15.

2 Estimated adjusted balance carried forward from previous year.

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 s31 Relevant Agency receipts — estimate.

5 Estimated opening balance for Special Accounts (less 'Special Public Money' held in a Service for Other Entities and Trust Moneys Special Accounts (SOETM)). For further details on special accounts see Table 3.1.2.

Note: All figures are GST exclusive.

**Third party payments from and on behalf of other agencies**

	2014-15 \$'000	2013-14 \$'000
Payments made to CAC Act bodies within the Portfolio		
Australian Broadcasting Corporation	1,113,624	1,077,153
Special Broadcasting Service Corporation	287,074	289,772





**Part 2: 2013-14 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
<b>Expense Measures</b>						
Community broadcasting - additional Funding	1.1					
Administered expenses		2,750	1,860	1,390	-	-
<b>Total</b>		<b>2,750</b>	<b>1,860</b>	<b>1,390</b>	-	-
Creative Australia - community based radio services - reduced funding	1.1					
Administered expenses		(1,303)	(407)	(415)	(424)	-
<b>Total</b>		<b>(1,303)</b>	<b>(407)</b>	<b>(415)</b>	<b>(424)</b>	-
Digital Business Kits - establishment <sup>1</sup>	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
Digital Business Kits - reduced funding	1.1					
Administered expenses		(100)	(201)	(97)	(99)	-
<b>Total</b>		<b>(100)</b>	<b>(201)</b>	<b>(97)</b>	<b>(99)</b>	-
Digital Productivity - Digital Communities - Digital Hubs, Local Government and Community Engagement - reduced funding	1.1					
Administered expenses		(120)	-	-	-	-
<b>Total</b>		<b>(120)</b>	-	-	-	-
Efficiency Dividend - temporary increase in the rate	1.1					
Departmental expenses		-	(878)	(1,909)	(2,973)	-
<b>Total</b>		-	<b>(878)</b>	<b>(1,909)</b>	<b>(2,973)</b>	-
Digital Careers - establishment <sup>2</sup>	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
National ICT Australia - funding extension	1.1					
Administered expenses		-	-	21,000	-	-
<b>Total</b>		-	-	<b>21,000</b>	-	-
New NBN-enabled business models and applications <sup>3</sup>	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

**Part 2: 2013-14 MYEFO measures not previously reported in a portfolio statement cont.**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
New NBN-enabled business models and applications - reduced funding						
	1.1					
		(650)	(617)	-	-	-
		<b>(650)</b>	<b>(617)</b>	-	-	-
Reforms to APS management and efficient procurement of agency software						
	1.1					
		(220)	(600)	(1,172)	(1,452)	-
		<b>(220)</b>	<b>(600)</b>	<b>(1,172)</b>	<b>(1,452)</b>	-
Public Service efficiencies <sup>4</sup>						
	1.1					
		(47)	-	-	-	-
		<b>(47)</b>	-	-	-	-
Townsville telehealth trial - extension						
	1.1					
		690	-	-	-	-
		<b>690</b>	-	-	-	-
<b>Total expense measures</b>						
		1,267	635	21,878	(523)	-
		(267)	(1,478)	(3,081)	(4,425)	-
		<b>1,000</b>	<b>(843)</b>	<b>18,797</b>	<b>(4,948)</b>	-
<b>Capital Measures</b>						
National Broadband Network - revised investment <sup>5</sup>						
	1.1					
		-	-	-	-	-
		-	-	-	-	-
<b>Total Capital Measures</b>						
		-	-	-	-	-
		-	-	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

- 1 Funding for this measure of \$1.4m in 2013-14, \$2.3m in 2014-15, \$1.2m in 2015-16 and \$1.2m in 2016-17 was included in the 2013-14 Portfolio Budget Statements as part of "Decisions taken but not yet announced".
- 2 Funding for this measure of \$1.6m in each year from 2013-14 to 2016-17 was included in the 2013-14 Portfolio Budget Statements as part of "Decisions taken but not yet announced".
- 3 Funding for this measure of \$2.5m in 2013-14 and \$2.0m in 2014-15 was included in the 2013-14 Portfolio Budget Statements as part of "Decisions taken but not yet announced".
- 4 This measure was announced in the 2013-14 Budget as a whole-of-government measure.
- 5 The NBN Co equity investment does not have a direct impact on the underlying cash or fiscal balance.

## 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.

The Department of Communications' outcome is described below together with its related programme, specifying the performance indicators and targets used to assess and monitor the performance of the Department in achieving Government outcomes.

**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**

#### Outcome 1 Strategy

From 2014-15, the Department will deliver its outcome through a single programme: Digital Technologies and Communications Services.

The Department's strategy for delivering its outcome is to provide strategic advice on, and administer projects and initiatives, to:

- enhance digital productivity—advising Government on the opportunities arising from the innovative adoption and use of digital technologies, and supporting government, business and the community to maximise these opportunities
- expand digital infrastructure—advising Government on the necessary market settings to deliver competitive and efficient digital infrastructure to drive growth in the broader economy
- promote efficient communications markets—advising Government on the necessary market settings to promote competition, while ensuring access to basic services, making available socially valuable content, and safeguarding consumers from inappropriate content and unfair dealing.

This is supported through research to identify, assess and explain developments in digital technologies and communications networks and services.

In the 2013-14 Budget, the Department delivered its outcome through three programmes which have now been consolidated into the one programme from 2014-15 as outlined above.

2013-14 Programme structure	2014-15 Programme structure
Program 1.1: Broadband and Communications Infrastructure	Programme 1.1: Digital Technologies and Communications Services
Program 1.2: Digital Economy and Postal Services	
Program 1.3: Broadcasting and Digital Television	

### 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 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
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		
<b>Programme 1.1: Digital Technologies and Communications Services</b>		
Administered expenses	202,835	158,670
Ordinary annual services (Appropriation Bill No. 1)	188,942	144,994
Expenses not requiring appropriation in the Budget year <sup>1</sup>	13,893	13,676
Departmental expenses	115,872	96,281
Departmental appropriation <sup>2</sup>	108,792	90,320
Expenses not requiring appropriation in the Budget year <sup>1</sup>	7,080	5,961
<b>Total for Programme 1.1</b>	<b>318,707</b>	<b>254,951</b>
<b>Outcome 1 Totals by appropriation type</b>		
Administered Expenses	202,835	158,670
Ordinary annual services (Appropriation Bill No. 1)	188,942	144,994
Expenses not requiring appropriation in the Budget year <sup>1</sup>	13,893	13,676
Departmental expenses	115,872	96,281
Departmental appropriation <sup>2</sup>	108,792	90,320
Expenses not requiring appropriation in the Budget year <sup>1</sup>	7,080	5,961
<b>Total expenses for Outcome 1</b>	<b>318,707</b>	<b>254,951</b>
	2013-14	2014-15
<b>Average Staffing Level (number)</b>	530	430

<sup>1</sup> Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense, audit fees and expenses relating to payments made in the prior year.

<sup>2</sup> Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s31)'.

## Contributions to Outcome 1

### Programme 1.1: Digital Technologies and Communications Services

#### Programme Objective

The Department provides strategic advice on and effectively administers programmes and initiatives that promote an innovative and competitive communications sector so all Australians can realise the full potential of digital technologies and communications services. This includes advising on and facilitating:

- opportunities arising from the innovative adoption and use of digital technologies
- the delivery of competitive and efficient digital infrastructure to drive growth in the broader economy
- promotion of competition, while ensuring access to basic services, making available socially valuable content, and safeguarding consumers from inappropriate content and unfair dealing.

#### Linked to:

Elements of the following administered items in the programme are delivered by other agencies:

- The National Broadband Network is being rolled out by NBN Co Limited, which is planning, building and operating the network
- The Australian Government's online safety measures are also delivered through the Australian Communications and Media Authority (ACMA), the Australian Federal Police, the Attorney-General's Department and the Office of the Commonwealth Director of Public Prosecutions
- The Australian Government's Cybersecurity programmes are also delivered through the Attorney-General's Department, the ACMA, the Australian Federal Police, the Australian Government Information Management Office and the Defence Signals Directorate
- The ICT Centre of Excellence programme is also delivered through the Australian Research Council and provides funding to National ICT Australia Ltd (NICTA)
- The ACMA recoups the cost of the Consumer Representation Grants Program allocated to the Australian Communications Consumer Action Network (ACCAN), under section 593 of the *Telecommunications Act 1997*, from licensed carriers, under the *Telecommunications (Carrier Licence Charges) Act 1997*
- The Telecommunications Universal Service Management Agency (TUSMA) is responsible for supporting the delivery of universal service and other public interest telecommunications services to all Australians; and it administers the contract for the National Relay Service. The Government will transfer the functions of TUSMA to the Department of Communications.

The Department oversees and coordinates the restack of digital television services across Australia in close cooperation with:

- the ACMA, which provides a range of regulatory advice and technical support throughout the process
- the national and commercial broadcasters.

The Department also works closely with the ACMA on other broadcasting matters and oversees other matters relating to the national broadcasters, such as board appointments.

### **Programme Expenses**

- Overall programme expenses significantly increase from 2015-16, reflecting the special account expenses relating to the Telecommunications Universal Service Special Account, which will be transferred from TUSMA to the Department.
- Apart from these special account expenses, other programme expenses decrease in 2014-15 and across the forward years.
- This decrease mainly reflects reductions in funding or the phasing out of a number of programmes including: Digital Productivity; ICT Centre of Excellence; Spectrum - Assistance to Broadcasters for Electronic News Gathering; Digital Television Switchover - Spectrum Restacking Assistance; Regional Equalisation Plan; and Digital Television Switchover (the switchover to digital-only television transmission concluded in December 2013, ongoing amounts reflect funding provided for the Viewer Access Satellite Television (VAST) service).
- The decrease also reflects the transfer of the Indigenous Broadcasting programme and Regional Telecommunications Review Response - Indigenous Communications Program from the Department of Communications to the Department of the Prime Minister and Cabinet.
- The decrease is in part offset by new funding for the Enhancing Online Safety for Children and Mobile Black Spot Programme initiatives.

Communications Budget Statements

**Programme Expenses 1.1**

	2013–14 Estimated actual \$'000	2014–15 Budget \$'000	2015–16 Forward estimate \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000
<b>Annual administered expenses:</b>					
Consumer Representation Grants Program <sup>1</sup>	2,166	2,212	2,253	2,304	2,352
Community Broadcasting Program <sup>1</sup>	18,356	17,700	17,522	16,488	16,835
Cybersafety <sup>1</sup>	664	678	691	706	721
Digital Productivity	19,177	13,757	3,909	2,396	1,500
Digital Television Switchover	39,883	10,906	10,997	10,790	11,016
Digital Television Switchover - Spectrum					
Restacking Assistance	46,113	52,285	9,460	–	–
Enhancing Online Safety for Children	–	730	2,500	2,500	1,870
ICT Centre of Excellence	22,563	21,435	21,000	–	–
Indigenous Broadcasting <sup>2</sup>	7,195	–	–	–	–
International Organisation Contributions	3,560	3,596	3,596	3,646	3,714
Mobile Black Spot Programme	–	10,000	30,000	30,000	30,000
Regional Equalisation Plan	9,094	1,000	1,000	1,000	–
Regional Telecommunications Review					
Response <sup>2</sup>	3,213	–	–	–	–
Spectrum - Assistance to Broadcasters for					
Electronic News Gathering	15,400	9,103	–	–	–
Stay Smart Online <sup>1,3</sup>	1,558	1,592	1,622	1,657	1,692
<b>Expenses not requiring appropriation in the Budget year<sup>4</sup></b>					
Digital Television Switchover	461	–	–	–	–
International Organisation Contributions	2,169	2,583	2,597	2,597	2,636
National Broadband Network - Regional					
Backbone Blackspots Program	11,093	11,093	10,874	9,142	7,779
Regional Telecommunications Review					
Response <sup>2</sup>	170	–	–	–	–
<b>Special Account Expenses:</b>					
Telecommunications Universal Service					
Special Account	–	–	347,600	327,600	327,600
National Relay Services <sup>5</sup>	–	–	20,000	20,000	20,000
Universal Service Obligation <sup>5</sup>	–	–	270,000	270,000	270,000
Other Public Interest Services <sup>5</sup>	–	–	57,600	37,600	37,600
Australia New Zealand Land Information	–	–	–	–	–
<b>Annual departmental expenses:</b>					
Programme support <sup>6</sup>	108,792	90,320	86,625	86,014	86,652
Expenses not requiring appropriation in the Budget year <sup>4</sup>	7,080	5,961	5,323	5,041	3,891
<b>Total programme expenses<sup>7</sup></b>	<b>318,707</b>	<b>254,951</b>	<b>557,569</b>	<b>501,881</b>	<b>498,258</b>

1 Funding for these programmes will be affected by the measure: *Administered Programme Indexation Pause*, as shown in Budget Measures, Budget Paper No. 2, 2014-15.

2 The 2013-14 figures reflect the part-year effect of the estimates 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 the Administrative Arrangements Order changes announced by the Prime Minister on 18 September 2013.

3 This programme was previously called 'Cybersecurity'.

4 Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and expenses relating to payments made in the prior year.



- 5 The administered figures from 2015-16 reflect the transfer of TUSMA functions to the Department.  
 6 Programme support combines "Ordinary annual services (Appropriation Act No. 1)" and "Revenue from independent sources (s31)".  
 7 The expenses above do not include the equity funding to be provided to the NBN Co over the period 2013-14 to 2017-18, which is as follows:

Programme	2013-14 Estimated actual \$b	2014-15 Budget \$b	2015-16 Forward estimate \$b	2016-17 Forward estimate \$b	2017-18 Forward estimate \$b
NBN Co. 1.1	3.4	5.2	6.4	6.9	2.4
<b>Total</b>	<b>3.4</b>	<b>5.2</b>	<b>6.4</b>	<b>6.9</b>	<b>2.4</b>

### Programme 1.1 Deliverables

#### ENHANCING DIGITAL PRODUCTIVITY

- Research, analysis and advice on digital technologies, including how developments can enhance productivity, competition and innovation across the economy, and implications and recommendations for government policy.
- Leadership, strategic policy advice and coordination, and support to maximise the productivity benefits across the economy from digital services and technologies, including:
  - advising on necessary settings to maximise the benefits from use of open data
  - in conjunction with the Department of Finance, promoting increased use of digital technologies to deliver government services
  - maintaining digitalbusiness.gov.au to help small business and community organisations establish or enhance their online presence
  - producing independent research on developments across the communications and digital technologies sectors to inform policy advice and development
  - funding NICTA through the ICT Centre of Excellence programme to support ICT research to advance the development of the digital economy
  - developing national policies and standards for spatial data sets to support initiatives such as the rollout of the National Broadband Network and the commitment to Open Data principles
  - working with other government agencies to implement technologies that boost productivity and improve government online systems, products, services and data sets.

#### EXPANDING DIGITAL INFRASTRUCTURE

- 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.

- Provision of accurate information about the National Broadband Network rollout for consumers and small business.
- 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.
- Oversight of the implementation of the relocation of television broadcasting services to new channels to release the Digital Dividend of 700 megahertz band spectrum.
- 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

- Support the Minister on ABC and SBS policy and funding matters, the rollout of digital 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
  - development and maintenance of online safety initiatives to inform and educate the Australian community, particularly young Australians, about

- online safety
  - 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.
- Enhancing online safety for children by:
  - establishment of the Office of the Children’s e-Safety Commissioner (the Commissioner)
  - establishment of a funding programme with education authorities to deliver certified online safety education programmes in primary schools (for transfer to the Commissioner’s Office as soon as established)
  - establishment of an Australian-based research and information campaign on online safety (for transfer to the Commissioner’s Office as soon as established).
- 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.

	2013-14 Estimated actual	2014-15 Budget	2015-16 Forward estimate	2016-17 Forward estimate	2017-18 Forward estimate
<b>Deliverables</b>					
<b>Regional Services</b>					
Satellite phone scheme subsidies provided	4,000	-	-	-	-
<b>Mobile Black Spot Programme</b>					
Mobile base stations	-	25-30	75-90	75-90	75-90

**Programme 1.1 Key Performance Indicators**

The Department has revised its key performance indicators to reflect its strategic direction and priorities as outlined in the Corporate Plan 2014-17.

**ENHANCING DIGITAL PRODUCTIVITY**

- Policy advice on maximising the productivity benefits across the economy arising from use and application of digital services and technology.
- Timely, effective and evidence-based policy advice on e-government capabilities and readiness.
- Progress on the increased number of Government data sets accessible online.
- Take-up of, and feedback on, initiatives and projects to maximise productivity benefits from digital services and technologies, including Digital Hubs, Digital Enterprises, Digital Business Kits and Digital Local Government.
- Quality and contribution of research produced by the Department to identify, assess and explain developments in technologies and communications networks and services.
- NICTA’s contribution to the commercialisation of ICT and online innovation and

the development of ICT and online research and commercialisation skills

#### EXPANDING DIGITAL INFRASTRUCTURE

- High-quality, strategic and timely policy advice on:
  - investment in, and access to, communications infrastructure
  - deployment of communications infrastructure including the implementation of the National Broadband Network.
- Successful policy leadership and advice on monitoring of, and information about, expanding digital infrastructure including the National Broadband Network rollout and improved mobile coverage in regional Australia.
- The Mobile Black Spot Programme will receive significant co-contributions from industry, state and territory governments, local councils and third parties and facilitate competition in the provision of mobile services in outer metropolitan, regional and remote communities.
- Successful leadership and collaboration across government, industry, research institutions and the community to develop policies that deliver more efficient, trusted and secure enabling digital infrastructure.
- Successful completion of the restack of national and commercial digital television channels across Australia and advice on further opportunities for making spectrum available for new services.

#### PROMOTING EFFICIENT COMMUNICATIONS MARKETS

- High-quality, strategic and timely advice on necessary market settings to promote competition, while ensuring access to basic services, making available socially valuable content, and safeguarding consumers from inappropriate content and unfair dealing.
- Effective regulatory frameworks for, and information about open, competitive and efficient communications markets, consumer interests, and online safety and security.
- Contribution to the broad objective that all Australians have access to a range of free-to-air and subscription television and radio services, through effective policy and effectively administered funding.
- Regular, timely collaboration and engagement on portfolio deregulation options, through the effective establishment and support for the Ministerial Advisory Council on Communications.
- Office of the Children's e-Safety Commissioner is established to promote a coordinated approach to online safety of children.
- 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.

*Communications Budget Statements*

<b>Key Performance Indicators</b>	2013-14 Estimated actual	2014-15 Budget	2015-16 Forward estimate	2016-17 Forward estimate	2017-18 Forward estimate
<b>Number of households assisted through</b>					
<b>Digital Switchover Programmes</b>					
Household Assistance Scheme	92,750	-	-	-	-
Satellite Subsidy Scheme	9,400	-	-	-	-
<b>Number of digital television services restacked</b>					
	356	1,071	-	-	-
<b>National Innovation</b>					
Level of commercial revenue generated by the ICT Centre of Excellence (\$m)	7.2	9.9	10.8	-	-
PhD candidates sponsored by the ICT Centre of Excellence	240	240	240	-	-
Number of Australian jobs in ICT Centre of Excellence spin outs	75	85	95	-	-
<b>Consumer protection</b>					
Proportion of Australian Schools accessing the Cybersecurity Education Package	60%	-	-	-	-



## 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 year. Table 3.1.1 shows the movement of administered funds approved between years.

**Table 3.1.1: Movement of Administered Funds Between Years<sup>1</sup>**

	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1:					
Other Public Interest <sup>2</sup>	-	-	20,000	-	-
Spectrum - Assistance to Broadcasters for Electronic News Gathering	(7,698)	7,698	-	-	-
Digital Productivity <sup>3</sup>	57	432	(284)	-	-
<b>Total Movement of Administered Funds</b>	<b>(7,641)</b>	<b>8,130</b>	<b>19,716</b>	-	-

<sup>1</sup> Figures displayed as a negative represent a decrease in funds and a positive reflect an increase in funds.

<sup>2</sup> Expenditure of \$20.0 million was reprofiled from 2013-14 into 2015-16. The 2013-14 entry is recorded in the Telecommunications Universal Service Management Agency (TUSMA) chapter of the Budget Statements. The 2015-16 entry is recorded in the Communications chapter, reflecting that it is taking over responsibility for the TUSMA functions.

<sup>3</sup> Movement of funds includes an underspend of \$205,000 from 2012-13.

### 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 Communications.

**Table 3.1.2: Estimates of Special Account Flows and Balances**

		Opening balance <b>2014-15</b> 2013-14	Receipts <b>2014-15</b> 2013-14	Payments <b>2014-15</b> 2013-14	Adjustments <b>2014-15</b> 2013-14	Closing balance <b>2014-15</b> 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australia New Zealand Land Information - s20 FMA Act (A) <sup>1,2</sup>	1	139	-	36	-	103
		-	-	-	139	139
<b>Total Special Accounts</b>						
<b>2014-15 Budget estimate</b>		<b>139</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>103</b>
<i>Total Special Accounts</i> <i>2013-14 estimated actual</i>		-	-	-	139	139

(A) = Administered

1 FMA Act – *Financial Management and Accountability Act 1997*

2 The operation of this account will transfer to the Department of Communications from the Department of Industry from 1 July 2014.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure (AGIE)**

Outcome	Appropriations				Other	Total	Programme
	Bill	Bill	Special	Total			
	No.1	No.2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Department of Communications</b>							
<b>Outcome 1</b>							
Administered 2014-15	1,226	-	-	1,226	-	1,226	1.1
<i>Administered 2013-14<sup>1</sup></i>	<i>9,117</i>	-	-	<i>9,117</i>	-	<i>9,117</i>	<i>1.2,1.3</i>
Total outcome 2014-15	1,226	-	-	1,226	-	1,226	
<i>Total outcome 2013-14<sup>1</sup></i>	<i>9,117</i>	-	-	<i>9,117</i>	-	<i>9,117</i>	
<b>Total AGIE 2014-15</b>	<b>1,226</b>	-	-	<b>1,226</b>	-	<b>1,226</b>	
<i>Total AGIE 2013-14<sup>1</sup></i>	<i>9,117</i>	-	-	<i>9,117</i>	-	<i>9,117</i>	

1 The 2013-14 figures reflect the part-year effect of the estimates 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 the Administrative Arrangements Order changes announced by the Prime Minister on 18 September 2013.



## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in Agency Resourcing and Financial Statements**

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

### **3.2.2 Analysis of Budgeted Financial Statements**

#### **Departmental financial statements**

##### **Comprehensive Income Statement (Showing Net Cost of Services)**

The reduction in revenue from 2013-14 largely reflects the completion of the Digital Switchover and Spectrum Restack Assistance programmes.

The deficit attributable to the Australian Government reflects the policy to not provide funding to agencies relating to the depreciation expense of their non-financial assets. Contributed equity and the capital budget statements have been consequently amended to reflect the capital acquisition program of the Department.

##### **Budgeted Departmental Balance Sheet**

The deficit in contributed equity is a consequence of the repeal of appropriation acts from 1999-2000 to 2009-2010 under the *Statute Stocktake (Appropriations) Act 2013*. This Act removed all unspent annual appropriation balances prior to 1 July 2010.

#### **Administered financial statements**

##### **Schedule of Income and Expenses Administered on Behalf of Government**

The movement in dividend non-taxation revenue reflects a significant deterioration in the outlook for Australia Post.

Supplier and subsidy expenses decrease in 2014-15, reflecting the completion of the Digital Television Switchover and Satellite Phone Subsidy Scheme programmes. The increase to suppliers from 2015-16 reflects the transfer of TUSMA functions to the Department.

The reduction in grant expenses across the Budget and forward estimates reflects the winding down and termination of a number of programmes, including: Digital Productivity; ICT Centre of Excellence; Spectrum – Assistance to Broadcasters for Electronic News Gathering; Digital Television Switchover – Spectrum Restacking Assistance; and Regional Equalisation Plan.

**Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government**

The continued increase in other investments predominantly represents the Government's investment in NBN Co.

The movement in trade and other receivables largely reflects the loans paid to the national broadcasters, and fluctuates as these loans are drawn down and repaid.

The increase in payables from 2015-16 reflects a lag in payments relating to TUSMA contracts, where payments are made in the financial year following the expenses being recorded.

**Schedule of Budgeted Administered Cash Flows**

In the main, the estimates of operating cash flows reflect trends shown in the Schedule of Income and Expenses administered on behalf of Government. The increase in cash used for investing activities relates to the investment in NBN Co.

### 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
<b>EXPENSES</b>					
Employee benefits	73,128	63,136	55,570	56,505	57,700
Suppliers	35,983	27,531	31,402	29,857	29,300
Depreciation and amortisation	6,700	5,551	4,913	4,631	3,481
Finance costs	61	63	63	62	62
<b>Total expenses</b>	<b>115,872</b>	<b>96,281</b>	<b>91,948</b>	<b>91,055</b>	<b>90,543</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2,970	4,025	–	–	–
<b>Total own-source revenue</b>	<b>2,970</b>	<b>4,025</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Gains</b>					
Other gains	380	410	410	410	410
<b>Total gains</b>	<b>380</b>	<b>410</b>	<b>410</b>	<b>410</b>	<b>410</b>
<b>Total own-source income</b>	<b>3,350</b>	<b>4,435</b>	<b>410</b>	<b>410</b>	<b>410</b>
<b>Net cost of (contribution by) services</b>	<b>112,522</b>	<b>91,846</b>	<b>91,538</b>	<b>90,645</b>	<b>90,133</b>
Revenue from Government	105,822	86,295	86,625	86,014	86,652
<b>Surplus (Deficit)<sup>1</sup></b>	<b>(6,700)</b>	<b>(5,551)</b>	<b>(4,913)</b>	<b>(4,631)</b>	<b>(3,481)</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>(6,700)</b>	<b>(5,551)</b>	<b>(4,913)</b>	<b>(4,631)</b>	<b>(3,481)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	–	–	–	–	–
<b>Total other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income (loss)</b>	<b>(6,700)</b>	<b>(5,551)</b>	<b>(4,913)</b>	<b>(4,631)</b>	<b>(3,481)</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>	<b>(6,700)</b>	<b>(5,551)</b>	<b>(4,913)</b>	<b>(4,631)</b>	<b>(3,481)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
<b>Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
less depreciation/amortisation expenses previously funded through revenue appropriations <sup>2</sup>	6,700	5,551	4,913	4,631	3,481
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(6,700)</b>	<b>(5,551)</b>	<b>(4,913)</b>	<b>(4,631)</b>	<b>(3,481)</b>

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 Bill 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 Bill 1 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)**

	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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	750	750	750	750	750
Trade and other receivables	20,812	20,593	19,362	19,754	21,989
<b>Total financial assets</b>	<b>21,562</b>	<b>21,343</b>	<b>20,112</b>	<b>20,504</b>	<b>22,739</b>
<b>Non-financial assets</b>					
Land and buildings	5,431	5,109	4,469	3,500	3,366
Property, plant and equipment	5,459	5,632	6,489	7,559	9,080
Intangibles	8,434	7,746	7,183	6,717	6,176
Other non-financial assets	1,359	1,121	1,086	1,234	1,207
<b>Total non-financial assets</b>	<b>20,683</b>	<b>19,608</b>	<b>19,227</b>	<b>19,010</b>	<b>19,829</b>
<b>Total assets</b>	<b>42,245</b>	<b>40,951</b>	<b>39,339</b>	<b>39,514</b>	<b>42,568</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	7,623	6,368	7,131	7,971	8,020
Lease Incentives	256	412	630	783	736
Other payables	2,151	2,153	417	529	639
<b>Total payables</b>	<b>10,030</b>	<b>8,933</b>	<b>8,178</b>	<b>9,283</b>	<b>9,395</b>
<b>Provisions</b>					
Employee provisions	20,363	21,014	22,397	21,768	23,799
Other	4,293	4,282	2,135	2,199	2,264
<b>Total provisions</b>	<b>24,656</b>	<b>25,296</b>	<b>24,532</b>	<b>23,967</b>	<b>26,063</b>
<b>Total liabilities</b>	<b>34,686</b>	<b>34,229</b>	<b>32,710</b>	<b>33,250</b>	<b>35,458</b>
<b>Net assets</b>	<b>7,559</b>	<b>6,722</b>	<b>6,629</b>	<b>6,264</b>	<b>7,110</b>
<b>EQUITY<sup>1</sup></b>					
<b>Parent entity interest</b>					
Contributed equity	(15,817)	(11,103)	(6,650)	(2,384)	1,943
Reserves	8,865	8,865	8,865	8,865	8,865
Retained surplus (accumulated deficit)	14,511	8,960	4,414	(217)	(3,698)
<b>Total parent entity interest</b>	<b>7,559</b>	<b>6,722</b>	<b>6,629</b>	<b>6,264</b>	<b>7,110</b>
<b>Total Equity</b>	<b>7,559</b>	<b>6,722</b>	<b>6,629</b>	<b>6,264</b>	<b>7,110</b>

Prepared on Australian Accounting Standards basis.

<sup>1</sup> '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
<b>Opening balance as at 1 July 2014</b>				
Balance carried forward from previous period	14,511	8,865	(15,817)	7,559
<b>Adjusted opening balance</b>	<b>14,511</b>	<b>8,865</b>	<b>(15,817)</b>	<b>7,559</b>
<b>Comprehensive income</b>				
Surplus (deficit) for the period	(5,551)	–	–	(5,551)
<b>Total comprehensive income recognised directly in equity</b>	<b>(5,551)</b>	<b>–</b>	<b>–</b>	<b>(5,551)</b>
<b>Transactions with owners</b>				
<i>Contributions by owners</i>				
Equity Injection - Appropriation	–	–	619	619
Departmental Capital Budget (DCBs)	–	–	4,095	4,095
<b>Sub-total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>4,714</b>	<b>4,714</b>
<b>Estimated closing balance as at 30 June 2015</b>	<b>8,960</b>	<b>8,865</b>	<b>(11,103)</b>	<b>6,722</b>
<b>Closing balance attributable to the Australian Government</b>	<b>8,960</b>	<b>8,865</b>	<b>(11,103)</b>	<b>6,722</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	2,970	4,025	–	–	–
Appropriations	112,578	86,295	86,625	86,014	86,652
<b>Total cash received</b>	<b>115,548</b>	<b>90,320</b>	<b>86,625</b>	<b>86,014</b>	<b>86,652</b>
<b>Cash used</b>					
Employees	81,864	62,448	54,707	57,039	57,466
Suppliers	33,522	27,872	31,918	28,975	29,186
<b>Total cash used</b>	<b>115,386</b>	<b>90,320</b>	<b>86,625</b>	<b>86,014</b>	<b>86,652</b>
<b>Net cash from (used by) operating activities</b>	<b>162</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant, equipment and intangibles	5,385	4,714	4,253	4,266	4,327
<b>Total cash used</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>Net cash from (used by) investing activities</b>	<b>(5,385)</b>	<b>(4,714)</b>	<b>(4,253)</b>	<b>(4,266)</b>	<b>(4,327)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	5,385	4,714	4,253	4,266	4,327
<b>Total cash received</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>Net cash from (used by) financing activities</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>Net increase (decrease) in cash held</b>	<b>162</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cash and cash equivalents at the beginning of the reporting period	588	750	750	750	750
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>750</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental Capital Budget Statement**

	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
<b>CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	4,244	4,095	4,253	4,266	4,327
Equity injections - Bill 2	1,141	619	-	-	-
<b>Total new capital appropriations</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>Provided for:</b>					
Purchase of non-financial assets	5,385	4,714	4,253	4,266	4,327
<b>Total Items</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	1,141	619	-	-	-
Funded by capital appropriation - DCB	4,244	4,095	4,253	4,266	4,327
<b>TOTAL</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	5,385	4,714	4,253	4,266	4,327
<b>Total cash used to acquire assets</b>	<b>5,385</b>	<b>4,714</b>	<b>4,253</b>	<b>4,266</b>	<b>4,327</b>

Prepared on Australian Accounting Standards basis.

**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
<b>As at 1 July 2014</b>				
Gross book value	9,686	8,473	19,761	37,920
Accumulated depreciation/amortisation and impairment	(4,255)	(3,014)	(11,327)	(18,596)
<b>Opening net book balance</b>	<b>5,431</b>	<b>5,459</b>	<b>8,434</b>	<b>19,324</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase—appropriation equity	—	—	619	619
By purchase—appropriation ordinary annual services	1,325	1,452	1,318	4,095
<b>Total additions</b>	<b>1,325</b>	<b>1,452</b>	<b>1,937</b>	<b>4,714</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(1,647)	(1,279)	(2,625)	(5,551)
<b>Total Other Movements</b>	<b>(1,647)</b>	<b>(1,279)</b>	<b>(2,625)</b>	<b>(5,551)</b>
<b>As at 30 June 2015</b>				
Gross book value	11,011	9,925	21,698	42,634
Accumulated depreciation/amortisation and impairment	(5,902)	(4,293)	(13,952)	(24,147)
<b>Closing net book balance</b>	<b>5,109</b>	<b>5,632</b>	<b>7,746</b>	<b>18,487</b>

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 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers <sup>1</sup>	35,480	15,401	353,008	331,326	330,013
Subsidies	12,073	–	–	–	–
Grants	141,774	129,311	98,641	65,478	63,573
Depreciation and amortisation	7,779	7,779	7,779	7,779	7,779
Payments to CAC Act Bodies	1,323,625	1,350,698	1,374,930	1,358,116	1,381,616
Other expenses	5,729	6,179	6,193	6,243	6,350
<b>Total expenses administered on behalf of Government</b>	<b>1,526,460</b>	<b>1,509,368</b>	<b>1,840,551</b>	<b>1,768,942</b>	<b>1,789,331</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Interest	381	767	2,683	3,450	2,683
Dividends	142,300	21,000	–	–	–
Rental income	1,529	1,529	1,529	1,529	1,529
<b>Total non-taxation revenue</b>	<b>144,210</b>	<b>23,296</b>	<b>4,212</b>	<b>4,979</b>	<b>4,212</b>
<b>Total own-source revenues administered on behalf of Government</b>	<b>144,210</b>	<b>23,296</b>	<b>4,212</b>	<b>4,979</b>	<b>4,212</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>144,210</b>	<b>23,296</b>	<b>4,212</b>	<b>4,979</b>	<b>4,212</b>
<b>Net Cost of (contribution by)</b>					
Services	1,382,250	1,486,072	1,836,339	1,763,963	1,785,119
Surplus (Deficit)	(1,382,250)	(1,486,072)	(1,836,339)	(1,763,963)	(1,785,119)
<b>Total comprehensive income (loss)</b>	<b>(1,382,250)</b>	<b>(1,486,072)</b>	<b>(1,836,339)</b>	<b>(1,763,963)</b>	<b>(1,785,119)</b>

Prepared on Australian Accounting Standards basis.

<sup>1</sup> 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)**

	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
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	42,763	72,763	123,933	102,663	82,663
Other investments	8,667,953	11,900,544	18,320,544	25,185,544	27,592,099
<b>Total financial assets</b>	<b>8,710,716</b>	<b>11,973,307</b>	<b>18,444,477</b>	<b>25,288,207</b>	<b>27,674,762</b>
<b>Non-financial assets</b>					
Property, plant and equipment	174,114	166,335	158,556	150,777	142,998
Other non-financial assets	10,377	7,077	3,982	2,658	2,711
<b>Total non-financial assets</b>	<b>184,491</b>	<b>173,412</b>	<b>162,538</b>	<b>153,435</b>	<b>145,709</b>
<b>Total assets administered on behalf of Government</b>	<b>8,895,207</b>	<b>12,146,719</b>	<b>18,607,015</b>	<b>25,441,642</b>	<b>27,820,471</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	19,130	17,565	358,906	343,407	341,878
GST payable	6,014	6,014	6,014	6,014	6,014
<b>Total liabilities administered on behalf of Government</b>	<b>25,144</b>	<b>23,579</b>	<b>364,920</b>	<b>349,421</b>	<b>347,892</b>
<b>Net assets/(liabilities)</b>	<b>8,870,063</b>	<b>12,123,140</b>	<b>18,242,095</b>	<b>25,092,221</b>	<b>27,472,579</b>

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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	381	767	2,683	3,450	2,683
Dividends	142,300	21,000	–	–	–
Net GST received	19,202	14,140	42,915	41,274	40,628
<b>Total cash received</b>	<b>161,883</b>	<b>35,907</b>	<b>45,598</b>	<b>44,724</b>	<b>43,311</b>
<b>Cash used</b>					
Grants	169,836	141,229	108,505	72,026	69,930
Subsidies	35,174	–	–	–	–
Suppliers	66,032	14,309	363,564	381,989	376,984
Payments to CAC Act Bodies	1,323,625	1,350,698	1,374,930	1,358,116	1,381,616
Other	6,143	6,193	6,193	6,282	6,403
<b>Total cash used</b>	<b>1,600,810</b>	<b>1,512,429</b>	<b>1,853,192</b>	<b>1,818,413</b>	<b>1,834,933</b>
<b>Net cash from (used by) operating activities</b>	<b>(1,438,927)</b>	<b>(1,476,522)</b>	<b>(1,807,594)</b>	<b>(1,773,689)</b>	<b>(1,791,622)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Loan repayments from CAC Act Bodies	3,000	20,000	–	20,000	20,000
<b>Total cash received</b>	<b>3,000</b>	<b>20,000</b>	<b>–</b>	<b>20,000</b>	<b>20,000</b>
<b>Cash used</b>					
Loans to CAC Act Bodies	40,000	50,000	20,000	–	–
Investments in CAC Act Bodies	3,370,206	5,200,000	6,420,000	6,865,000	2,406,555
<b>Total cash used</b>	<b>3,410,206</b>	<b>5,250,000</b>	<b>6,440,000</b>	<b>6,865,000</b>	<b>2,406,555</b>
<b>Net cash from (used by) investing activities</b>	<b>(3,407,206)</b>	<b>(5,230,000)</b>	<b>(6,440,000)</b>	<b>(6,845,000)</b>	<b>(2,386,555)</b>

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

	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
<b>Net increase (decrease) in cash held</b>	<b>(4,846,133)</b>	<b>(6,706,522)</b>	<b>(8,247,594)</b>	<b>(8,618,689)</b>	<b>(4,178,177)</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	257,983	147,591	107,147	74,123	72,389
- CAC Act body Appropriations	4,733,831	6,600,698	7,814,930	8,223,116	3,788,171
- Special Accounts	-	-	328,200	344,900	340,300
- Section 30A Drawdowns	19,202	14,140	42,915	41,274	40,628
	<b>5,011,016</b>	<b>6,762,429</b>	<b>8,293,192</b>	<b>8,683,413</b>	<b>4,241,488</b>
Cash to Official Public Account for:					
- Dividends	(142,300)	(21,000)	-	-	-
- Section 30A Drawdowns	(19,202)	(14,140)	(42,915)	(41,274)	(40,628)
- Loan repayments from CAC Act Bodies	(3,381)	(20,767)	(2,683)	(23,450)	(22,683)
	<b>(164,883)</b>	<b>(55,907)</b>	<b>(45,598)</b>	<b>(64,724)</b>	<b>(63,311)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of Administered Capital Budget Statement**

	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
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered Assets and Liabilities – Bill 2	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555
<b>Total new capital appropriations</b>	<b>1,379,000</b>	<b>3,229,445</b>	<b>6,420,000</b>	<b>6,865,000</b>	<b>2,406,555</b>
<i>Provided for:</i>					
<i>Other Items</i>	1,379,000	3,229,445	6,420,000	6,865,000	2,406,555
<b>Total Items</b>	<b>1,379,000</b>	<b>3,229,445</b>	<b>6,420,000</b>	<b>6,865,000</b>	<b>2,406,555</b>

Prepared on Australian Accounting Standards basis.

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

	Other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2014</b>		
Gross book value	192,653	192,653
Accumulated depreciation/amortisation and impairment	(18,539)	(18,539)
<b>Opening net book balance</b>	<b>174,114</b>	<b>174,114</b>
<b>Other movements</b>		
Depreciation/amortisation expense	(7,779)	(7,779)
<b>Total other movements</b>	<b>(7,779)</b>	<b>(7,779)</b>
<b>As at 30 June 2015</b>		
Gross book value	192,653	192,653
Accumulated depreciation/amortisation and impairment	(26,318)	(26,318)
<b>Closing net book balance</b>	<b>166,335</b>	<b>166,335</b>

Prepared on Australian Accounting Standards basis.

### **3.2.4 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
- 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 *Commonwealth Authorities and Companies Act 1997* (CAC Act) entity within their portfolio. (Note: The CAC Act is being superseded by the *Public Governance, Performance and Accountability Act 2013*.) 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.