

Department of Communications
Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	50,825	72,772
Suppliers	4B	40,784	35,465
Depreciation and amortisation	4C	5,906	6,421
Finance costs	4D	65	52
Write-down and impairment of assets	4E	730	127
Losses from asset sales	4F	2	3
Other expenses	4G	11	2
Total expenses		98,323	114,842
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	5A	795	2,540
Rental income	5B	215	225
Other revenue	5C	203	21
Total own-source revenue		1,213	2,786
Gains			
Gains from sale of assets	5D	6	-
Other gains	5E	391	577
Total gains		397	577
Total own-source income		1,610	3,363
Net contribution by services		96,713	111,479
Revenue from Government	5F	91,377	106,089
Deficit before income tax on continuing operations		(5,336)	(5,390)
Deficit after income tax		(5,336)	(5,390)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		(1,645)	969
Total other comprehensive income after income tax		(1,645)	969
Total comprehensive income		(6,981)	(4,421)

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

Department of Communications
Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	7A, 12	655	576
Trade and other receivables	7B	19,954	25,208
Other financial assets	7C	366	-
Total financial assets		20,975	25,784
Non-financial assets			
Land and buildings	8A, 8C	3,245	5,573
Property, plant and equipment	8B, 8C	2,452	4,324
Intangibles	8D, 8E	8,550	8,417
Other non-financial assets	8F	908	1,542
Total non-financial assets		15,155	19,856
Total assets		36,130	45,640
LIABILITIES			
Payables			
Suppliers	9A	9,621	3,654
Lease incentives	9B	469	256
Other payables	9C	2,666	2,971
Total payables		12,756	6,881
Provisions			
Employee provisions	10A	16,666	24,841
Other provisions	10B	4,177	3,903
Total provisions		20,843	28,744
Total liabilities		33,599	35,625
Net assets		2,531	10,015
EQUITY			
Contributed equity		15,880	5,385
Reserves		8,189	9,834
Accumulated deficit		(21,538)	(5,204)
Total equity		2,531	10,015

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

Department of Communications
Statement of Changes in Equity
for the year ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(5,204)	38,917	9,834	8,865	5,385	16,789	10,015	64,571
Adjustment to opening balance ¹	(267)	-	-	-	-	-	(267)	-
Adjusted opening balance	(5,471)	38,917	9,834	8,865	5,385	16,789	9,748	64,571
Comprehensive income								
Surplus (Deficit) for the year	(5,336)	(5,390)	-	-	-	-	(5,336)	(5,390)
Other comprehensive income	-	-	(1,645)	969	-	-	(1,645)	969
Total comprehensive income	(5,336)	(5,390)	(1,645)	969	-	-	(6,981)	(4,421)
Total comprehensive income attributed to								
Australian Government	(5,336)	(5,390)	(1,645)	969	-	-	(6,981)	(4,421)
Transactions with owners								
Distributions to owners								
Reductions of appropriations (Statute Stocktake (Appropriations) Act 2013) ²	-	(54,367)	-	-	-	(1,153)	-	(55,520)
Reductions of appropriations (Omnibus Repeal Day (Autumn 2014) Act 2014) ³	(10,731)	-	-	-	-	-	(10,731)	-
Restructuring	-	-	-	-	-	(20)	-	(20)
Contributions by owners								
Equity injection	-	-	-	-	6,400	1,141	6,400	1,141
Departmental Capital Budget	-	-	-	-	4,095	4,264	4,095	4,264
Total transactions with owners	(10,731)	(54,367)	-	-	10,495	4,232	(236)	(50,135)
Transfers between equity components	-	15,636	-	-	-	(15,636)	-	-
Closing balance as at 30 June	(21,538)	(5,204)	8,189	9,834	15,880	5,385	2,531	10,015
Closing balance attributable to Australian Government	(21,538)	(5,204)	8,189	9,834	15,880	5,385	2,531	10,015

¹ Reinstating the quarantined amount adjusted against previous year's appropriation balance.

² The purpose of the Statute Stocktake (Appropriations) Act 2013 is to repeal 84 annual appropriation Acts from 1 July 1999 to 30 June 2010.

³ The purpose of the Omnibus Repeal Day (Autumn 2014) Act 2014 is to repeal and amend a number of bills to remove duplication and red tape.

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

Department of Communications
Cash Flow Statement
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		97,529	117,417
Sales of goods and rendering of services		423	4,051
Net GST received		3,681	3,410
Other		224	25
Total cash received		101,857	124,903
Cash used			
Employees		59,403	73,022
Suppliers		37,388	42,874
Section 74 receipts transferred to Official Public Account		4,987	9,021
Other		12	2
Total cash used		101,790	124,919
Net cash from/(used by) operating activities	12	67	(16)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		12	4
Total cash received		12	4
Cash used			
Purchase of property, plant and equipment		94	771
Purchase of land and buildings		154	114
Purchase of intangibles		3,764	2,537
Total cash used		4,012	3,422
Net cash used by investing activities		(4,000)	(3,418)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		400	503
Departmental Capital Budget		3,612	2,919
Total cash received		4,012	3,422
Net cash from financing activities		4,012	3,422
Net increase (decrease) in cash held		79	(12)
Cash and cash equivalents at the beginning of the reporting period		576	588
Cash and cash equivalents at the end of the reporting period	7A	655	576

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

Department of Communications
Schedule of Commitments
as at 30 June 2015

	2015 \$'000	2014 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	3,992	2,404
Other commitments	-	600
Total commitments receivable	3,992	3,004
Commitments payable		
Other commitments		
Operating leases ¹	10,962	15,326
Service contract commitments ²	33,258	12,018
Total other commitments	44,220	27,344
Total commitments payables	44,220	27,344
Net commitments by type	40,228	24,340
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
Within 1 year	1,468	1,204
Between 1 to 5 years	2,524	1,200
Total net GST recoverable on commitments	3,992	2,404
Other commitment receivable		
Within 1 year	-	600
Total other commitment receivable	-	600
Total commitments receivable	3,992	3,004
Commitments payable		
Operating lease commitments		
Within 1 year	4,687	4,369
Between 1 to 5 years	6,275	10,957
Total operating lease commitments	10,962	15,326
Service contract commitments		
Within 1 year	11,705	9,577
Between 1 to 5 years	21,553	2,441
Total service contract commitments	33,258	12,018
Total commitments payable	44,220	27,344
Net commitments by maturity	40,228	24,340

Commitments are GST inclusive where relevant.

Department of Communications
Schedule of Commitments
as at 30 June 2015

¹ Operating leases relate to premises leased by the Department. The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to a 3.5% fixed annual adjustment. The current term for the office accommodation expires on 21 November 2017. A further term of five years is available at the Department's discretion.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue level 1 and suite 1A, Canberra, are not subject to an annual lease adjustment as the lease has been signed for 1 year. The current term for the office accommodation expires on 31 July 2015 and will not be renewed.</p> <p>Lease payments at 31 Market Street level 18, Sydney, are subject to a 3.75% fixed annual adjustment. The current term expires on 30 June 2017.</p> <p>Lease payments for the lease of storage space at 122-124 Gladstone Street, Fyshwick are subject to a 3% fixed annual adjustment. The current term expires on 30 April 2017.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

² Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

Department of Communications
Administered Schedule of Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers	18A	11,627	38,568
Subsidies	18B	(133)	4,763
Grants	18C	111,849	133,920
Depreciation and amortisation	18D	7,991	7,779
Finance costs	18E	3,269	-
Payments to corporate Commonwealth entities	18F	1,349,152	1,323,625
Other expenses	18G	6,364	5,739
Total expenses		1,490,119	1,514,394
Income			
Revenue			
Non-taxation revenue			
Interest	19A	1,312	359
Dividends	19B	-	142,300
Rental income	19C	1,529	1,529
Other revenue	19D	429	481
Total non-taxation revenue		3,270	144,669
Total revenue		3,270	144,669
Gains			
Other gains	19E	989	-
Total gains		989	-
Total income		4,259	144,669
Net (cost of)/contribution by services		1,485,860	1,369,725
Deficit		(1,485,860)	(1,369,725)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		1,061	5,665
Items subject to subsequent reclassification to net cost of services			
Gains/(Losses) on available for sale financial assets		(2,206,279)	(1,286,945)
Total other comprehensive income/(loss)		(2,205,218)	(1,281,280)
Total comprehensive loss		(3,691,078)	(2,651,005)

This schedule should be read in conjunction with the accompanying notes.

Department of Communications
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Trade and other receivables	21A	68,269	45,771
Other investments	21B	11,250,005	8,703,908
Other financial assets	21C	12	-
Total financial assets		11,318,286	8,749,679
Non-financial assets			
Property, plant and equipment	22A, 22B	172,144	179,779
Other non-financial assets	22C	7,154	10,381
Total non-financial assets		179,298	190,160
Total assets administered on behalf of Government		11,497,584	8,939,839
LIABILITIES			
Payables			
Suppliers	23A	304	2,501
Subsidies	23B	-	163
Grants	23C	4,051	26,509
GST payable	23D	3,624	5,743
Other payables	23E	17,463	18,992
Total payables		25,442	53,908
Total liabilities administered on behalf of Government		25,442	53,908
Net assets		11,472,142	8,885,931

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

Department of Communications
ADMINISTERED RECONCILIATION SCHEDULE
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Opening assets less liabilities as at 1 July	8,885,931	6,919,262
Net (cost of)/contribution by services		
Income	4,259	144,669
Expenses		
Payments to entities other than corporate Commonwealth entities	(140,967)	(190,769)
Payments to corporate Commonwealth entities	(1,349,152)	(1,323,625)
Other comprehensive income		
Revaluations transferred to/(from) reserves	(2,206,279)	(1,286,945)
Asset Revaluation Reserve	1,061	5,665
Transfers to/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations		
Asset and liabilities appropriations for payments to corporate Commonwealth entities	4,767,000	3,193,300
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	148,350	219,758
Payments to corporate Commonwealth entities	1,349,152	1,323,625
Loans to corporate Commonwealth entities	50,000	40,000
Appropriation transfers to OPA		
Transfers to OPA	(37,245)	(159,009)
Administered receipts from the Australia New Zealand Land Information Special Account	32	-
Closing assets less liabilities as at 30 June	11,472,142	8,885,931

Department of Communications
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		815	129
Dividends		-	142,300
Net GST received		16,274	22,292
Other		1,773	276
Total cash received		18,862	164,997
Cash used			
Grants		144,484	146,176
Subsidies		33	28,914
Suppliers		11,537	60,322
Payments to corporate Commonwealth entities		1,349,152	1,323,625
Other		6,451	6,157
Total cash used		1,511,657	1,565,194
Net cash used by operating activities	24	(1,492,795)	(1,400,197)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans from corporate Commonwealth entities		20,000	3,000
Proceeds from return of equity by corporate Commonwealth entities		14,625	13,094
Total cash received		34,625	16,094
Cash used			
Loan to corporate Commonwealth entities		50,000	-
Corporate Commonwealth entities investments		4,767,000	3,193,300
Total cash used		4,817,000	3,193,300
Net cash used by investing activities		(4,782,375)	(3,177,206)
Net decrease in cash held		(6,275,170)	(4,577,403)
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account			
Appropriations		148,350	219,758
Corporate Commonwealth entities appropriations		6,116,152	4,516,925
Loans to corporate Commonwealth entities		50,000	-
Special Accounts		32	-
GST drawdowns from Finance		14,155	22,021
Total cash from official public account		6,328,689	4,758,704
Cash to Official Public Account			
Appropriations		32	183
Dividends		-	142,300
GST repayments to Finance		16,274	22,292
Other		37,213	16,526
Total cash to official public account		53,519	181,301
Cash and cash equivalents at the end of the reporting period		-	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 30 June 2015

	2015 \$'000	2014 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	13,137	18,120
Total commitments receivable	13,137	18,120
Commitments payable		
Capital commitments		
Investments in Commonwealth companies ¹	16,314,555	21,081,555
Total capital commitments	16,314,555	21,081,555
Other Commitments		
Grant commitments ²	133,932	176,496
Other ³	10,594	22,831
Total other commitments	144,526	199,327
Total commitments payable	16,459,081	21,280,882
Net commitments by type	16,445,944	21,262,762
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
One year or less	7,239	9,671
From one to five years	5,898	8,449
Total commitments receivable	13,137	18,120
Commitments payable		
Capital commitments		
One year or less	7,838,908	5,200,000
From one to five years	8,475,647	15,881,555
Total capital commitments	16,314,555	21,081,555
Other commitments		
One year or less	79,644	106,389
From one to five years	64,882	92,938
Total other commitments	144,526	199,327
Total commitments payable	16,459,081	21,280,882
Net commitments by maturity	16,445,944	21,262,762

Commitments are GST inclusive where relevant.

¹ Investments in Commonwealth companies relates to the Commonwealth's Equity Agreement with the NBN Co

² Grant commitments relate to the Digital Switchover funding (\$65,633,000), the Community Broadcasting Program (\$29,106,000), the Information Communication Technology (ICT) - Centre of Excellence (\$23,100,000), Digital Productivity (\$6,714,000), Consumer Representation Grants Program (\$4,761,000) and Regional Equalisation Plan (\$4,618,000).

³ Other commitments mainly relate to contractors and outsourced services for Digital Switchover and Regional Telecommunications Review Response.

This schedule should be read in conjunction with the accompanying notes.

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NOTE 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Communications

The Department of Communications (the Department) is a Government controlled entity. It is a not-for-profit entity. The objective of the Department is to 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.

The Department is structured to meet one outcome:

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

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Department's administration and programs. In the 2014-15 Budget, the Government announced the decision to transfer the functions of the Telecommunications Universal Service Management Agency (TUSMA) to the Department. The Department established a working group to identify and address matters related to the transition. The working group addressed issues including: governance, legal, finance, people, risk management, contract management, programme delivery and systems.

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

The Department is structured to deliver its outcome through a single programme: Digital Technologies and Communications Services. The Department provides strategic advice on and 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.

1.2 Compliance with statutory requirements

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.3 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the Department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless an alternative treatment is specifically required by an accounting standard or FRR, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do have a significant impact on the amounts recorded in the financial statements. Estimates made in relation to the departmental financial statements are to: non-financial assets; employee provisions; lease incentives; and the make-good for leased properties.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

In relation to Administered Investments in Australia Post, management estimates are used to determine volume and price growth rates that underpin the discounted cash flow valuation at the end of the reporting period. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new standards, revised standards, interpretations or amending standards that were issued prior to the signing of the Statement by the Accountable Authority and Chief Financial Officer and were applicable to the current reporting period had a material financial impact or were expected to have a material future financial impact on the Department.

The AASB 1055 *Budgetary Reporting* requires the Department to report on budgetary information and explanation of significant variances between actual results and budgeted amounts. The Department has applied the new disclosure within the financial statements as outlined in Note 32: Budgetary Reports.

Future Australian Accounting Standard Requirements

No new standards, revised standards, interpretations and amending standards that were issued prior to the signing of the Statement by the Accountable Authority and the Chief Financial Officer and are applicable to future reporting periods are expected to have a material future financial impact on the Department.

1.6 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at balance date. Impairment allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.7 Gains

Resources Received Free of Charge

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

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

Sale of Assets

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

1.8 Transactions with the Government as Owner

Equity Injections

Amounts appropriated that are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Distributions to Owners

The FRR require that distributions to owners be debited to equity unless they are in the nature of a dividend.

1.9 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

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

Leave

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

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

The liability for long service leave has been determined by using the Department of Finance's Short Hand Method as at 30 June 2015, as outlined in the FRR. The estimate of the present value of the liability takes into account expected attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a payable or provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation fund as elected by staff.

The CSS and PSS are defined benefit schemes of the Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Department makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis representative of the pattern of benefits derived from the leased assets.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1.11 Fair Value Measurement

The Department deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- Cash on hand; and
- Cash in special accounts.

1.13 Financial Assets

The Department classifies financial assets as 'cash and cash equivalents', 'trade and other receivables' and 'other financial assets'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated cash flows. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.14 Financial Liabilities

The Department's financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient has met all obligations and conditions required in the grant or subsidy agreement.

Parental Leave Payments Scheme

The Department offsets amounts received under Parental Leave Payments Scheme (for payment to employees) by amounts paid to employees under that scheme, because these transactions are only incidental to the main revenue-generating activities of the Department. Amounts received by the Department not yet paid to employees are presented gross as cash and a liability (payable). Amounts attributable to the scheme only appear in the financial statements to the extent that they remain unpaid at year end.

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

1.17 Property, Plant and Equipment

Asset Recognition Threshold

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Revaluations

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

Asset Class	Fair value measured at:
Land and buildings	Depreciated replacement cost
Property, plant and equipment	Market selling price or depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets purchased during the financial year are excluded from asset revaluation as they represent fair value.

Depreciation

Depreciable property, plant and equipment are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2015	2014
Land and Buildings		
• Leasehold improvements	Lower of 10 years or lease term	Lower of 10 years or lease term
Property, Plant and Equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.18 Intangibles

The Department's intangibles comprise software externally purchased and internally developed software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:

	2015	2014
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2015.

1.19 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and in the Administered Reconciliation Schedule.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Rental Income is recognised over the term of the Indefeasible Rights of Use granted by the Commonwealth to external parties for use of the Administered Property, Plant and Equipment.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held for sale, are classified as 'available for sale' and are measured at their fair value as at 30 June 2015. Apart from the Australian Postal Corporation, fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of reporting period.

For 2014-15, fair value estimates for the Australian Postal Corporation are based on a discounted cash flow valuation calculated using cash flow forecasts extracted from the Australia Post Corporate Plan 2015/16 - 2018/19. The forecasts use management estimates to determine volume and price growth rates. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods. For the 2013-14, fair value has been taken to be the net assets of Australia Post at the end of the reporting period, plus the difference between fair value and cost of Land and Buildings.

Guarantees

The amounts guaranteed by the Commonwealth have been disclosed in Note 25 to the extent that they are quantifiable.

At 30 June 2015, there is no reason to believe that the guarantees would be called upon and the likelihood of future settlement is considered remote, therefore, recognition of a liability is not required. The guarantees are in relation to NBN Co's financial obligations under the Definitive Agreements and are measured as follows:

Telstra Financial Guarantee: the total of committed future payments during the contract term for infrastructure accessed at 30 June 2015, calculated based on current pricing.

NBN Co's Equity Agreement: the sum of: total liabilities per NBN Co's Statement of Financial Position and the discounted value of the minimum contractual commitments entered into at 30 June 2015.

Optus Financial Guarantee: NBN Co's financial obligations under the Hybrid Fibre Coaxial (HFC) Subscriber Agreement for the period of the national broadband rollout in Optus Hybrid Fibre Coaxial areas at 30 June 2015.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Commonwealth enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Subsidy liabilities are recognised to the extent that the subsidy eligibility criteria have been satisfied, but payments due have not been made.

Payments to corporate Commonwealth entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, loans or an increase to the administered investment of the Department. The Department makes payments to both the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The appropriation to the Department is disclosed in Table A of the appropriations note.

Loans and Receivables

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Property, Plant and Equipment

Revaluations

Fair values for Regional Backbone Blackspots Program (RBBP) network infrastructure assets under property, plant and equipment category are determined based on the depreciated replacement cost methodology. The methodology is calculated for each individual part of the asset using a price per unit adjusted for inflation, a quantity of each component and a location factor before being aggregated to form the values for each identified component of the assets: fibre optic cable, CEV shelters and BPol cabinets.

Revaluation adjustments of RBBP assets are made on a component basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation rates applying to property, plant and equipment are based on a useful life of 25-30 years (2014: 25-30 years).

In 2014-15, an independent valuer conducted a revaluation of these assets as at 31 March 2015.

Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

NOTE 2: Events after the Reporting Period

Departmental

The Telecommunications Universal Service Management Agency (TUSMA) was transitioned to the Department on 1 July 2015. The functions include the administration of the telecommunications universal service obligation, which provides for services such as public payphones and the National Relay Service for the hearing impaired. The reform is part of the Government's *Smaller Government Reform Agenda*, which was announced in the 2014-15 Budget in order to streamline the delivery of public services.

The Digital Transformation Office (DTO) was established as a separate portfolio agency and commenced operation on 1 July 2015. It forms part of the Communications Portfolio from that date.

There are no other events that occurred after reporting date that would materially affect the departmental financial statements.

Administered

The Telecommunications Universal Service Management Agency (TUSMA) was transitioned on 1 July 2015 with its functions transferred to the Department. The functions include the administration of the telecommunications universal service obligation, which provides for services such as public payphones and the National Relay Service for the hearing impaired. The reform is part of the Government's *Smaller Government Reform Agenda*, which was announced in the 2014-15 Budget in order to streamline the delivery of public services.

There are no other events that occurred after reporting date that would materially affect the administered financial statements.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

2015	2014
\$'000	\$'000

NOTE 3: Net Cash Appropriation Arrangements

From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	(1,075)	2,000
Less: depreciation/amortisation expenses previously funded through revenue appropriation	(5,906)	(6,421)
Total comprehensive income - as per the Statement of Comprehensive Income	(6,981)	(4,421)

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 4: Expenses		
Note 4A: Employee Benefits		
Wages and salaries	38,725	50,415
Superannuation		
Defined contribution plans	3,304	4,076
Defined benefit plans	4,122	5,638
Leave and other entitlements	4,088	4,840
Separation and redundancies	(570)	6,249
Performance pay	358	510
Other employee expenses	798	1,044
Total employee benefits	50,825	72,772
Note 4B: Suppliers		
Goods and services supplied or rendered		
Consultants/Contractors	14,956	11,885
Training and travel	2,287	2,186
IT Services	10,936	9,600
Office requisites	1,004	1,043
Property	1,534	1,200
Other goods and services	3,210	2,509
Total goods and services supplied or rendered	33,927	28,423
Goods supplied in connection with		
Related parties	519	797
External parties	2,615	2,512
Total goods supplied	3,134	3,309
Services rendered in connection with		
Related parties	2,981	1,536
External parties	27,812	23,578
Total service rendered	30,793	25,114
Total goods and services supplied or rendered	33,927	28,423
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	5,545	6,147
Workers compensation expenses	1,312	895
Total other suppliers	6,857	7,042
Total suppliers	40,784	35,465

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 4: Expenses (continued)		
Note 4C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	1,257	1,385
Land and buildings	1,696	1,579
Total depreciation	2,953	2,964
Amortisation:		
Intangibles: computer software - purchased	116	180
Intangibles: computer software - internally developed	2,837	3,277
Total amortisation	2,953	3,457
Total depreciation and amortisation	5,906	6,421
Note 4D: Finance Costs		
Unwinding of discount	65	52
Total finance costs	65	52
Note 4E: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of land and buildings	-	39
Impairment of property, plant and equipment	52	88
Impairment of intangibles	678	-
Total write-down and impairment of assets	730	127
Note 4F: Losses from Asset Sales		
Property, plant and equipment:		
Proceeds from sale	(4)	(4)
Carrying value of assets sold	6	7
Net losses from asset sales	2	3
Note 4G: Other Expenses		
Other	11	2
Total other expenses	11	2

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 5: Own-Source Income		
Own-Source Revenue		
<u>Note 5A: Sale of Goods and Rendering of Services</u>		
Rendering of services in connection with		
Related parties	795	2,519
External parties	-	21
Total rendering of services	795	2,540
Total sale of goods and rendering of services	795	2,540
<u>Note 5B: Rental Income</u>		
Operating lease:		
Rental revenue	215	225
Total rental income	215	225
<u>Note 5C: Other Revenue</u>		
Freedom of information requests	-	3
Refunds from previous year payments	203	18
Total other revenue	203	21
<u>Note 5D: Sale of Assets</u>		
Property, plant and equipment:		
Proceeds from sale	8	-
Carrying value of assets sold	(2)	-
Net gain from sale of assets	6	-
<u>Note 5E: Other Gains</u>		
Resources received free of charge	390	575
Other	1	2
Total other gains	391	577
<u>Note 5F: Revenue from Government</u>		
Appropriations		
Departmental appropriations	91,377	106,089
Total revenue from Government	91,377	106,089

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 6: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.
The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period ¹			For Levels 2 and 3 fair value measurements			
	2015 \$'000	2014 \$'000	Category (Level 1,2 or 3) ²	Valuation Technique(s) ³	Inputs used	Range (weighted average) ⁴	Sensitivity of the fair value measurements to changes in unobservable inputs
Non-financial assets⁵							
Leasehold improvements							
Fit-outs	2,867	3,956	3	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per square metre)		
					Consumed economic benefit/Obsolescence of asset	8.3% - 28.6% (10.9%) per annum	A significant increase (decrease) in this consumed economic benefit / obsolescence of the asset would result in a significantly lower (higher) fair value measurement.
Make good	378	1,617	3	Net Present Value	Current obligation costs (price per square metre)	\$155 - \$202 per square metre	
					Discount rate	1.91% - 2.16%	
					Indexation rates	1.51% - 2.50%	
Property, plant and equipment	1,018	1,805	2	Market Approach	Adjusted market transactions		
Property, plant and equipment	553	-	3	Market Approach	Adjusted market transactions	(15.0%) - 10.0%	A significantly higher/(lower) market transaction may result in a significantly higher/(lower) fair value measurement.
Property, plant and equipment	881	2,519	3	Depreciated Replacement Cost (DRC)	Replacement Cost New		
					Consumed economic benefit/Obsolescence of asset	8.3% - 52.2% (19.1%) per annum	A significant increase/(decrease) in this consumed economic benefit/obsolescence of the asset would result in a significantly lower/(higher) fair value measurement.
Total non-financial assets	5,697	9,897					

Department of Communications

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

¹ The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2015.

² The Department performs a test of the valuation model procedures at a minimum of once every 12 months as part of an asset materiality review, while a formal revaluation is undertaken once every three years. If a particular asset class experiences significant volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that asset class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. Australian Valuation Solutions (AVS) has been engaged by the entity to undertake a full revaluation in 2015, and to confirm whether the models developed comply with AASB 13.

³ There have been changes to the valuation techniques for assets in the property, plant and equipment category. In instances where sufficient observable inputs, such as market transactions of similar assets, were (not) identified in this financial year, the valuation technique was changed from a DRC (Market) approach to a Market (DRC) approach.

⁴ The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

⁵ The Department's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

Note 6B: Level 1 and Level 2 transfers for recurring fair value measurements

There have been no transfers between level 1 and 2 of the hierarchy during the year.

The Department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 6: Fair Value Measurements (continued)

Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-financial assets²					
	Leasehold improvements	Leasehold improvements	Property, plant and equipment	Property, plant and equipment	Total	Total
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
As at 1 July¹	5,573	6,269	2,519	3,214	8,092	9,483
Additions by purchase	154	114	-	589	154	703
Revaluation (decrements)/increments recognised in other comprehensive income	(786)	808	(256)	-	(1,042)	808
Impairments recognised in the Retained Surplus	-	(39)	(4)	(62)	(4)	(101)
Depreciation	(1,696)	(1,579)	(825)	(948)	(2,521)	(2,527)
Reclassification	-	-	-	(274)	-	(274)
Total as at 30 June	3,245	5,573	1,434	2,519	4,679	8,092

¹ Opening balance as determined in accordance with AASB 13.

² There have been no transfers between levels of the hierarchy during the year.

The Department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 7: Financial Assets		
Note 7A: Cash and Cash Equivalents		
Cash on hand or on deposit	655	576
Total cash and cash equivalents	655	576
Note 7B: Trade and Other Receivables		
Goods and services receivables in connection with		
Related parties	395	158
External parties	-	13
Total goods and services receivables	395	171
Appropriations receivables		
Existing programs	18,430	24,110
Total appropriations receivable	18,430	24,110
Other receivables		
GST receivable from the Australian Taxation Office	1,026	922
Other:		
- employees	7	5
- related entities	96	-
Total other receivables	1,129	927
Total trade and other receivables (gross)	19,954	25,208
Total trade and other receivables (net)	19,954	25,208
Trade and other receivables (gross) are aged as follows:		
Not overdue	19,843	25,070
Overdue by:		
0 to 30 days	104	-
31 to 60 days	-	133
More than 90 days	7	5
Total trade and other receivables (gross)	19,954	25,208

All receivables are expected to be recovered in no more than 12 months.
Credit terms for goods and services were within 30 days (2014: 30 days).
The Department has not allocated an amount to an impairment allowance in 2015 (2014: nil).

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 7: Financial Assets (continued)

Note 7B: Trade and Other Receivables (continued)

Reconciliation of the Impairment Allowance

There were no movements in the impairment allowance account in 2014 or 2015.

	2015	2014
	\$'000	\$'000
<u>Note 7C: Other Financial Assets</u>		
Accrued revenue - goods and services	366	-
Total accrued revenue	366	-

All accrued revenues are expected to be recovered in no more than 12 months.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 8: Non-Financial Assets		
<u>Note 8A: Land and Buildings</u>		
Land and Buildings		
Fair value	3,056	8,236
Accumulated depreciation	-	(2,698)
Work in progress	189	35
Total land and buildings	3,245	5,573

Revaluations of land and buildings

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. An independent valuer conducted the revaluations as at 30 June 2015.

Revaluation decrements of \$786,000 for buildings and leasehold improvements (2014: increments of \$808,000) were debited to the asset revaluation reserve and included in the equity section of the Statement of Financial Position; no increments/decrements were recognised (2014: nil).

Assets purchased during 2014-15 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the year. The net book value of these assets as at 30 June 2015 was \$154,000.

	2015	2014
	\$'000	\$'000
<u>Note 8B: Property, Plant and Equipment</u>		
Property, plant and equipment		
Fair value	2,305	6,757
Accumulated depreciation	-	(2,658)
Work in progress	147	225
Total property, plant and equipment	2,452	4,324

As at 30 June 2015, several items of property, plant and equipment were found to be impaired and subsequently written down. The net book value of these assets was \$52,000.

Revaluations of property, plant and equipment

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. An independent valuer conducted the revaluations as at 30 June 2015.

Revaluation decrements of \$651,000 for property, plant and equipment (2014: nil) were debited to the asset revaluation reserve and included in the equity section of the Statement of Financial Position; no increments/decrements were expensed (2014: nil).

Assets purchased during 2014-15 were excluded from the asset revaluation because they represent fair value. Depreciation associated with these assets was recorded for the year. The net book value of these assets as at 30 June 2015 was \$95,000.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 8: Non-Financial Assets (continued)

Note 8C: Reconciliation of the opening and closing balances of Property, Plant and Equipment for 2015

	Land and buildings \$'000	Property plant and equipment \$'000	Total \$'000
As at 1 July 2014			
Gross book value	8,271	6,982	15,253
Accumulated depreciation and impairment	(2,698)	(2,658)	(5,356)
Total as at 1 July 2014	5,573	4,324	9,897
Additions			
Purchase or internally developed	154	94	248
Revaluations recognised in other comprehensive income	(786)	(651)	(1,437)
Disposals recognised in net cost of services	-	(52)	(52)
Assets held for sale or in a disposal group held for sale	-	(6)	(6)
Depreciation	(1,696)	(1,257)	(2,953)
Total as at 30 June 2015	3,245	2,452	5,697
Total as at 30 June 2015 represented by:			
Gross book value	3,245	2,452	5,697
Accumulated depreciation and impairment	-	-	-
Total as at 30 June 2015	3,245	2,452	5,697

Note 8C: Reconciliation of the opening and closing balances of Property, Plant and Equipment for 2014

	Land and buildings \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2013			
Gross book value	8,817	6,865	15,682
Accumulated depreciation and impairment	(2,548)	(1,543)	(4,091)
Total as at 1 July 2013	6,269	5,322	11,591
Additions			
Purchase or internally developed	114	771	885
Revaluations and impairments recognised in other comprehensive income	808	-	808
Impairments recognised in net cost of services	(39)	(88)	(127)
Reclassifications	-	(289)	(289)
Depreciation	(1,579)	(1,385)	(2,964)
Disposals	-	(7)	(7)
Total as at 30 June 2014	5,573	4,324	9,897
Total as at 30 June 2014 represented by:			
Gross book value	8,271	6,982	15,253
Accumulated depreciation and impairment	(2,698)	(2,658)	(5,356)
Total as at 30 June 2014	5,573	4,324	9,897

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 8: Non-Financial Assets (continued)		
<u>Note 8D: Intangibles</u>		
Computer software		
Purchased	1,313	2,399
Internally developed - in progress	3,771	1,317
Internally developed - in use	14,278	15,963
Accumulated amortisation	<u>(10,812)</u>	<u>(11,262)</u>
Total intangibles	<u>8,550</u>	<u>8,417</u>

As at 30 June 2015, several items of intangible assets were found to be impaired and subsequently written down. The net book value of these assets was \$678,000 (2014: nil).

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 8: Non-Financial Assets (continued)

Note 8E: Reconciliation of the opening and closing balances of Intangibles for 2015

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014			
Gross book value	17,280	2,399	19,679
Accumulated amortisation and impairment	(9,059)	(2,203)	(11,262)
Total as at 1 July 2014	8,221	196	8,417
Additions			
Purchase or internally developed	3,758	6	3,764
Impairments recognised in net cost of services	(678)	-	(678)
Amortisation	(2,837)	(116)	(2,953)
Total as at 30 June 2015	8,464	86	8,550
Total as at 30 June 2015 represented by:			
Gross book value	18,049	1,313	19,362
Accumulated amortisation and impairment	(9,585)	(1,227)	(10,812)
Total as at 30 June 2015	8,464	86	8,550

Note 8E: Reconciliation of the opening and closing balances of Intangibles 2014

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	14,465	2,388	16,853
Accumulated amortisation and impairment	(5,782)	(2,023)	(7,805)
Total as at 1 July 2013	8,683	365	9,048
Additions			
Purchase or internally developed	2,537	-	2,537
Reclassifications	278	11	289
Amortisation	(3,277)	(180)	(3,457)
Total as at 30 June 2014	8,221	196	8,417
Total as at 30 June 2014 represented by:			
Gross book value	17,280	2,399	19,679
Accumulated amortisation and impairment	(9,059)	(2,203)	(11,262)
Total as at 30 June 2014	8,221	196	8,417

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
NOTE 8: Non-Financial Assets (continued)		
<u>Note 8F: Other Non-Financial Assets</u>		
Prepayments	<u>908</u>	<u>1,542</u>
Total other non-financial assets	<u>908</u>	<u>1,542</u>
Other non-financial assets expected to be recovered		
No more than 12 months	<u>908</u>	<u>1,542</u>
Total other non-financial assets	<u>908</u>	<u>1,542</u>

No indicators of impairment were found for other non-financial assets.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 9: Payables		
Note 9A: Suppliers		
Trade creditors and accruals	8,338	2,781
Operating lease rentals	1,283	873
Total suppliers	9,621	3,654
Supplier expected to be settled		
No more than 12 months	8,512	2,781
More than 12 months	1,109	873
Total suppliers	9,621	3,654
Suppliers in connection with		
Related parties	736	176
External parties	8,885	3,478
Total suppliers	9,621	3,654
Payables are expected to be settled in 30 days.		
Note 9B: Lease Incentives		
Lease incentives	469	256
Total lease incentives	469	256
Lease incentives are expected to be settled		
Within 1 year	68	157
Between 1 to 5 years	401	99
Total lease incentives	469	256
Note 9C: Other Payables		
Wages and salaries	1,448	1,557
Superannuation	253	274
Separations and redundancies	526	661
Payables - employees	374	349
Other payables	65	130
Total other payables	2,666	2,971

All other payables are expected to be settled in no more than 12 months.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 10: Provisions		
Note 10A: Employee Provisions		
Leave	16,483	20,038
Separations and redundancies	183	4,803
Total employee provisions	16,666	24,841
Employee provisions are expected to be settled		
No more than 12 months	5,124	6,384
More than 12 months	11,542	18,457
Total employee provisions	16,666	24,841
Note 10B: Other Provisions		
Provision for make-good ¹	1,891	1,617
Other provisions ²	2,286	2,286
Total other provisions	4,177	3,903
Other provisions are expected to be settled		
No more than 12 months	2,557	2,651
More than 12 months	1,620	1,252
Total other provisions	4,177	3,903

	Provision for make-good \$'000	Other Provisions \$'000	Total \$'000
As at 1 July 2014	1,617	2,286	3,903
Additional provisions made	209	-	209
Unwinding of discount or change in discount rate	65	-	65
Total as at 30 June 2015	1,891	2,286	4,177

¹ The Department currently has four (2014: four) agreements for the leasing of premises that have provisions requiring the department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

² Following the termination of its agreement with OPEL Network Pty Ltd (OPEL) under the Broadband Connect program in 2008-09, the Department has made provision towards costs incurred by OPEL in producing its implementation plan.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 11: Restructuring

Note 11A: Departmental Restructuring

	2015	2014	
	Australian New Zealand Land Information Special Account, The Department of Industry and Science	Office of Spatial Policy, The Department of Industry ¹	Indigenous Programs, The Department of the Prime Minister and Cabinet ²
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets recognised			
Cash		329	-
Total assets recognised	-	329	-
Liabilities recognised			
Provisions - employees		389	-
Total liabilities recognised	-	389	-
Net liabilities recognised³	-	(60)	-
Income assumed			
Recognised by the receiving entity	-	-	-
Recognised by the losing entity	-	-	-
Total income assumed	-	-	-
Expenses assumed			
Recognised by the receiving entity		263	-
Recognised by the losing entity		1,478	-
Total expenses assumed	-	1,741	-
FUNCTIONS RELINQUISHED			
Assets relinquished			
Appropriation Receivable	-	-	456
Total assets relinquished	-	-	456
Liabilities relinquished			
Provision - Leave	-	-	456
Total liabilities relinquished	-	-	456
Net liabilities relinquished⁴	-	-	-

¹ The Department assumed responsibility for the Office of Spatial Policy from the Department of Industry following a restructuring of administrative arrangements, effective 2 April 2014.

² The Department relinquished responsibility for the Indigenous Programs (Indigenous Communications Program and Indigenous Broadcasting Program) to the Department of the Prime Minister and Cabinet following a restructuring of administrative arrangements, effective 18 September 2013.

³ In respect of functions assumed, the net book values of assets and liabilities were transferred to the entity for no consideration.

⁴ In respect of functions relinquished, the net book values of assets and liabilities were transferred for no consideration.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Note 11B: Administered Restructuring

	2015	2014	
	Australian New Zealand Land Information Special Account, The Department of Industry and Science ¹	Office of Spatial Policy, The Department of Industry	Indigenous Programs, The Department of the Prime Minister and Cabinet ²
	\$'000	\$'000	\$'000
FUNCTIONS RELINQUISHED			
Income			
Recognised by the losing entity	-	-	11
Total income relinquished	-	-	11
Expenses			
Recognised by the losing entity	-	-	8,077
Total expenses relinquished	-	-	8,077
FUNCTIONS ASSUMED			
Assets recognised			
Special Account - ANZLI	133	-	-
Total assets recognised	133	-	-
Net assets/(liabilities) assumed	133	-	-

¹ The Department assumed responsibility for the Australian New Zealand Land Information (ANZLI) Special Account from the Department of Industry and Science (DIS) as a result of the Prime Minister's decision to transfer the Office of Spatial Policy functions from Industry to Communications effective 1 July 2014.

² The Department relinquished responsibility for the Indigenous Programs (Indigenous Communications Program and Indigenous Broadcasting Program) to the Department of the Prime Minister and Cabinet following a restructuring of administrative arrangements, effective 18 September 2013.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 12: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash Flow Statement	655	576
Statement of Financial Position	655	576
	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services to net cash used by operating activities	(96,713)	(111,479)
Revenue from Government	91,377	106,089
Adjustments for non-cash items		
Depreciation/amortisation	5,906	6,421
Net write-down of non-financial assets	730	127
Adjustment for changes in accounting estimates	(210)	161
Loss on disposal of assets	(4)	3
Return of Appropriations	(10,731)	(55,520)
Restructuring	-	(20)
Undrawn capital appropriations	6,483	1,983
Adjustment to opening balance - appropriation reduction	(267)	-
Movements in assets and liabilities		
Assets		
Decrease in net receivables	5,254	57,690
(Increase)/Decrease in accrued revenue	(366)	16
Decrease/(Increase) in non-financial assets	634	(153)
Liabilities		
Increase/(Decrease) in supplier payables	5,967	(4,176)
Increase in lease incentives	213	158
(Decrease) in other payables	(305)	(2,198)
(Decrease)/Increase in employee provisions	(8,175)	1,211
Increase/(Decrease) in other provisions	274	(329)
Net cash from/(used by) operating activities	<u>67</u>	<u>(16)</u>

NOTE 13: Contingent Assets and Liabilities

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2015 (2014: nil).

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2015 (2014: nil).

Significant Remote Contingencies

Operating Leases and Car Parking Licences

The Commonwealth indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Commonwealth also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2015, no claims have been made.

National Broadband Network Panel of Experts and Strategic Adviser

The Commonwealth provided indemnities to the non-Commonwealth members of the National Broadband Network (NBN) Panel of Experts and the Strategic Adviser to the NBN Request for Proposal process (RFP), to protect them against civil claims that may arise in the course of performing their duties. The NBN RFP process was terminated on 7 April 2009 and the work of the panel and the Strategic Adviser has concluded. As at 30 June 2015, no claims have been made.

Westpac Banking Corporation

The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. In June 2010, the Department entered into a new banking contract with Westpac that provided for an indemnity capped at \$50 million per occurrence. The previous contract provided for an indemnity capped at \$25 million per occurrence. As at 30 June 2015, no claims have been made.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$	\$
	<u> </u>	<u> </u>
NOTE 14: Senior Management Personnel Remuneration		
Short-term employee benefits		
Salary	5,063,427	5,947,876
Motor vehicle and other allowances	759,653	1,067,418
Total short-term employee benefits	<u>5,823,080</u>	<u>7,015,294</u>
Post-employment benefits		
Superannuation	981,242	1,302,460
Total post-employment benefits	<u>981,242</u>	<u>1,302,460</u>
Other long-term employee benefits		
Annual leave accrued	431,158	552,408
Long-service leave	195,256	341,071
Total other long-term employee benefits	<u>626,414</u>	<u>893,479</u>
Termination benefits		
Voluntary redundancy payments	357,651	-
Total termination benefits	<u>357,651</u>	<u>-</u>
Total senior executive remuneration expenses	<u>7,788,387</u>	<u>9,211,233</u>

The total number of senior management personnel included in the above table is 33 individuals (2014: 39 individuals).

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

2015	2014
\$'000	\$'000

NOTE 15: Remuneration of Auditors

Financial statement audit services were provided free of charge to the Department by the Australian National Audit Office (ANAO).

Fair value of the services provided:

Financial statement audit services	390	380
Total	390	380

No other services were provided by the auditors of the financial statements.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 16: Financial Instruments		
Note 16A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	655	576
Receivables - good and services	395	171
Receivables - employees	7	5
Receivables - related entities ¹	96	-
Total loans and receivables	1,153	752
Total financial assets	1,153	752
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - goods and services	8,338	2,781
Payables - related entities ²	374	349
Payables - others	78	64
Total financial liabilities measured at amortised cost	8,790	3,194
Total financial liabilities	8,790	3,194

¹ Receivables from related entities relate to the transfer of employee provisions.

² Payables to related entities relate to the transfer of employee liabilities.

Note 16B: Fair Value of Financial Instruments

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial Assets				
Cash and cash equivalents	655	655	576	576
Receivables - good and services	395	395	171	171
Receivables - employees	7	7	5	5
Receivables - related entities	96	96	-	-
Total financial assets	1,153	1,153	752	752
Financial Liabilities				
Payables - goods and services	8,338	8,338	2,781	2,781
Payables - employees	374	374	349	349
Payables - other	78	78	64	64
Total financial liabilities	8,790	8,790	3,194	3,194

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 16: Financial Instruments (continued)

Note 16C: Credit Risk

The Department is not exposed to a high level of credit risk as the majority of financial assets are cash and receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of trade debtors and other receivables, net of impairment losses, represents the Department's maximum exposure to credit risk as \$498,000 (2014: \$176,000). The Department has assessed the risk of the default on payment and has not allocated an amount to an impairment allowance in 2015 (2014: nil).

The Department manages its credit risk by undertaking background and credit checks prior to entering a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery activities.

The Department holds no collateral to mitigate against credit risk.

Included in the Department's receivables balance are debtors with a carrying amount of \$111,000 (2014: \$138,000) that are past due at the reporting date and for which the Department has not provided. Based on experience, the Department considers that the amounts are still recoverable.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor Impaired 2015 \$'000	Not past due nor Impaired 2014 \$'000	Past due or impaired 2015 \$'000	Past due or impaired 2014 \$'000
Loans and receivables¹				
Cash and cash equivalents	655	576	-	-
Receivables - good and services	291	38	104	133
Receivables - employees	-	-	7	5
Receivables - related entities	96	-	-	-
Total	1,042	614	111	138

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - employees	104	-	-	7	111
Total	104	-	-	7	111

Ageing of financial assets that were past due but not impaired in 2014

Loans and receivables					
Receivables - good and services	-	133	-	-	133
Receivables - employees	-	-	-	5	5
Total	-	133	-	5	138

NOTE 16: Financial Instruments (continued)

Note 16D: Liquidity Risk

The Department's financial liabilities consist of payables. The exposure to liquidity risk is based on the notion that the Department may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms. The Department is appropriated funding from the Australian Government and manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no experience of default.

All financial liabilities are payable within one year.

The Department has no derivative financial liabilities in both the current and prior year.

Note 16E: Market Risk

The Department holds basic financial instruments that do not expose it to certain market risks.

The Department is not exposed to 'currency risk' or 'other price risk'.

The Department does not have any interest-bearing items on the Statement of Financial Position. Therefore, the Department is not exposed to 'interest rate risk'.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
NOTE 17: Financial Assets Reconciliation			
<u>Financial assets</u>			
Total financial assets as per statement of financial position		20,975	25,784
Less: Non-financial instrument components			
Appropriations receivables	7B	18,430	24,110
GST receivable	7B	1,026	922
Accrued Revenue	7C	366	-
Total non-financial instrument components		19,822	25,032
Total financial assets as per financial instruments note	16A	1,153	752

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 18: Administered - Expenses		
Note 18A: Suppliers		
Goods and services supplied or rendered		
Advertising and marketing	6,496	16,404
Committee	3	-
Computing and communications	7	7
Consultants and contractors	1,788	18,636
Office requisites	-	65
Other goods and services	19	142
Property	3,314	3,314
Total goods and services supplied or rendered	11,627	38,568
Goods and services supplied in connection with		
Related entities	2	450
External parties	11,625	38,118
Total goods and services supplied or rendered	11,627	38,568
Note 18B: Subsidies		
Subsidies in connection with		
External parties		
Regional Telecommunications Review Response	1	2,375
Digital Switchover Television	(134)	2,388
Total subsidies	(133)	4,763
Note 18C: Grants		
Public sector		
Australian Government entities (related entities)	1,855	1,350
State and Territory Governments	356	666
Local Governments	5,195	7,553
Private sector		
Non-profit organisations	46,464	55,278
Commercial entities	57,979	69,073
Total grants	111,849	133,920
Note 18D: Depreciation and Amortisation		
Depreciation		
Property, plant and equipment	7,865	7,741
Total depreciation	7,865	7,741
Amortisation		
Assets held under finance leases	126	38
Total amortisation	126	38
Total depreciation and amortisation	7,991	7,779
Note 18E: Finance Costs		
Concessional loan discount	3,269	-
Total finance costs	3,269	-

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
NOTE 18: Administered - Expenses (continued)		
<u>Note 18F: Payments to corporate Commonwealth entities</u>		
Australian Broadcasting Corporation	1,063,215	1,053,853
Special Broadcasting Service Corporation	285,937	269,772
Total payments to corporate Commonwealth entities	1,349,152	1,323,625
<u>Note 18G: Other Expenses</u>		
International membership fees	6,355	5,739
Other expenses	9	-
Total other expenses	6,364	5,739
NOTE 19: Administered - Income		
Revenue		
Non-Taxation Revenue		
<u>Note 19A: Interest</u>		
Loans	1,272	358
Other	40	1
Total interest	1,312	359
<u>Note 19B: Dividends</u>		
Australia Post dividends	-	142,300
Total dividends	-	142,300
<u>Note 19C: Rental Income</u>		
Operating lease	1,529	1,529
Total rental income	1,529	1,529
<u>Note 19D: Other Revenue</u>		
Grant refunds	423	259
Subsidy refunds	1	-
Other revenue	5	222
Total other revenue	429	481
Gains		
<u>Note 19E: Other Gains</u>		
Gain on sales of the assets	990	-
Other	(1)	-
Total other gains	989	-

Department of Communications

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 20: Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of fair value hierarchy are defined as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly or indirectly.
 Level 3: Unobservable inputs for the asset or liabilities.

Note 20A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period ¹			For Levels 2 and 3 fair value measurement			Sensitivity of the fair value measurement to change in unobservable inputs
	2015 \$'000	2014 \$'000	Category (Level 1,2 or 3) ²	Valuation Technique(s) ³	Inputs used	Range (\$'000)	
Financial assets⁵							
Receivables - loans to corporate Commonwealth entities	69,437	40,103	2	Discounted cash flow (DCF)	Future principal and interest cash flows Market rate of interest		
Available for sale financial assets⁶							
Investment in Australian Broadcasting Corporation and controlled entities	1,021,100	1,055,091	3	Net asset balance	Net assets of the entity	N/A	
Investment in Special Broadcasting Corporation and controlled entities	199,305	198,541	3	Net asset balance	Net assets of the entity	N/A	
Investment in NBN Co	7,708,000	4,923,976	3	Net asset balance	Net assets of the entity	N/A	
Investment in Australian Postal Corporation	2,321,600	2,526,300	3	Discounted cash flow (DCF)	Future principal and interest cash flows Market rate of interest Weighted Average Cost of Capital (WACC) Commencement date of postal reforms	WACC Rate mvmt -0.40% 156,600 WACC Rate mvmt +0.40% (154,900) WACC Rate mvmt -0.50% 200,400 WACC Rate mvmt +0.50% (189,400) WACC Rate mvmt -1.00% 441,600 WACC Rate mvmt +1.00% (349,100)	The estimated fair value would increase (decrease) if: the weighted average cost of capital was higher (lower); and/or the Pricing Notification decision process outcomes were decided earlier (later).
Total financial assets	11,319,442	8,744,011					

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 20: Fair Value Measurements (continued)

Note 20A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period ¹			For Levels 2 and 3 fair value measurement			
	2015 \$'000	2014 \$'000	Category (Level 1,2 or 3) ²	Valuation Technique(s) ³	Inputs used	Range (weighted average) ⁴	Sensitivity of the fair value measurement to change in unobservable inputs
Non-financial assets⁵							
Property, plant and equipment	172,144	179,779	3	Depreciated Replacement Cost (DRC)	Replacement cost per unit for the following asset components:		
					- Fibre optic cable (per km)	\$5.33 - \$12.71 (\$6.57)	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the replacement cost per unit for the asset components was higher (lower); • the rate of inflation was higher (lower); • the useful life of the asset components was longer (shorter); and/or • the installation cost per component was higher (lower).
					- Controlled environment vault shelters (per section)	\$271.90 - \$528.13 (\$324.46)	
					- Bpol cabinets (per cabinet)	\$538.61 - \$869.21 (\$615.65)	
					Remaining useful life (in years)	11 – 26 (23)	
					Inflation factor	0.86% - 1.28% (1.13%)	
					Installation cost per section of network	\$492.73 - \$1,117.20 (\$562.87)	
					Installation cost per cabinet	\$35.98 - \$154.05 (\$110.30)	
Total non-financial assets	172,144	179,779					
Total assets	11,491,586	8,923,790					

NOTE 20: Fair Value Measurements (continued)

¹ The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2015.

² Significant Level 3 inputs utilised by the Department are derived and evaluated as follows: assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated Depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

³ There have been no changes to the valuation techniques during the period, except for the change from the Fair Value of Net Assets to the Discounted Cash Flow (DCF) methodology for the investment in the Australian Postal Corporation (refer Note 1 Administered Investments). This is due to the nature of the assumptions, particularly those surrounding the Community Service Obligation of Australia Post, being addressed by Government Reform, which has significantly reduced the uncertainty around the valuation outcome from the prior year. As per AASB13 the change to the income approach, in this case the Discounted Cash Flow (DCF) method, is appropriate when it results in a measurement that is more representative of fair value. Per AASB13.B10 when using an income approach, fair value reflects current market expectations about the future amounts. Significant unobservable inputs for the DCF include Weighted Average Cost of Capital (7.5%) and commencement date of 4 January 2016 for application of the postal reforms.

⁴ Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category. The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

⁵ The current use of all non-financial assets is considered their highest and best use.

⁶ Administered investments valuations are based on the audited net asset balance with the exception of the Australian Postal Corporation, which is based on the discounted cash flow methodology.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 20: Fair Value Measurements (continued)

Note 20B: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets		Total	
	Administered Investments		Property, plant and equipment			
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
As at 1 July¹	8,703,908	6,810,647	179,779	181,893	8,883,687	6,992,540
Revaluation (decrements)/increments recognised in other comprehensive income	(2,206,279)	(1,286,945)	1,061	5,665	(2,205,218)	(1,281,280)
Equity injections	4,767,000	3,193,300	-	-	4,767,000	3,193,300
Returns to the Consolidated Revenue Fund (CRF)	(14,625)	(13,094)	-	-	(14,625)	(13,094)
Depreciation	-	-	(7,991)	(7,779)	(7,991)	(7,779)
Other ²	1	-	(705)	-	(704)	-
Total as at 30 June³	11,250,005	8,703,908	172,144	179,779	11,422,149	8,883,687

¹ Opening balance as determined in accordance with AASB 13.

² Included in the other movement for Property, Plant and Equipment is \$705,000 relating to the indefeasible rights of use (IRUs), relating to network infrastructure assets, issued by the Commonwealth to the Department of Defence in October 2014.

³ Extra details in Notes 21B, 22A and 22B.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 21: Administered - Financial Assets

FINANCIAL ASSETS

Note 21A: Receivables

Advances and loans:

Loans to corporate Commonwealth entities ¹	67,468	40,240
Total advances and loans	67,468	40,240

Other receivables:

GST receivable from the Australian Taxation Office	801	5,140
Other	-	391

Total other receivables	801	5,531
Total receivables (gross)	68,269	45,771

Total receivables (net)	68,269	45,771
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Receivables (net) expected to be recovered

No more than 12 months	1,143	5,771
More than 12 months	67,126	40,000

Total receivables (net)	68,269	45,771
--------------------------------	---------------	--------

Receivables (gross) aged as follows

Not overdue	68,269	45,770
Overdue by:		
More than 90 days	-	1

Total receivables (gross)	68,269	45,771
----------------------------------	---------------	--------

¹ Loans to corporate Commonwealth entities were made under financial assistance legislation for periods up to 12 years. No security is required. Interest rates are fixed. Principal and interest are repaid annually in arrears. Effective interest rates average 2.54% (2014: 3.46%).

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 21: Administered - Financial Assets (continued)

Reconciliation of the Impairment Allowance

	Other receivables \$'000	Total \$'000
Movements in relation to 2015		
As at 1 July 2014	-	-
Amounts written off	-	-
Decrease recognised in net cost of services	-	-
Total as at 30 June 2015	-	-
Movements in relation to 2014		
As at 1 July 2013	22	22
Decrease recognised in net cost of services	(22)	(22)
Total as at 30 June 2014	-	-

	Notes	2015 \$'000	2014 \$'000
Note 21B: Other Investments			
Commonwealth authorities:			
Australian Broadcasting Corporation ¹	26A	1,021,100	1,055,091
Australian Postal Corporation ²	26B	2,321,600	2,526,300
Special Broadcasting Service Corporation ¹	26C	199,305	198,541
		3,542,005	3,779,932
Commonwealth companies:			
NBN Co	26D	7,708,000	4,923,976
		7,708,000	4,923,976
Total other investments		11,250,005	8,703,908

¹ Administered investment valuations are based on the audited net asset balance.

² Administered investment valuation in the Australian Postal Corporation for 2015 is based on the discounted cash flow methodology (2014: fair value of net assets methodology).

Note 21C: Other Financial Assets

Accrued revenue - Grants refunds	12	-
Total accrued revenue	12	-

NOTE 22: Administered - Non-Financial Assets

Note 22A: Property, Plant and Equipment

Property, plant and equipment

Fair value	172,270	182,713
Accumulated depreciation	(126)	(2,934)
Total property, plant and equipment	172,144	179,779

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Revaluation of non-financial assets

Revaluation increments of \$1,061,000 for property, plant and equipment (2014: \$5,665,000) were credited to the asset revaluation reserve and included in the equity section of the Schedule of Assets and Liabilities; no increments/decrements were expensed (2014: nil).

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.20. An independent valuer conducted the revaluations as at 31 March 2015.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 22: Administered - Non-Financial Assets (continued)

Note 22B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2015)

	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2014		
Gross book value	182,713	182,713
Accumulated depreciation/amortisation and impairment	(2,934)	(2,934)
Total as at 1 July 2014	179,779	179,779
Revaluations recognised in other comprehensive income	1,061	1,061
Depreciation/amortisation expense	(7,991)	(7,991)
Other Movements ¹	(705)	(705)
Total as at 30 June 2015	172,144	172,144
Total as at 30 June 2015 represented by:		
Gross book value	172,270	172,270
Accumulated depreciation/amortisation and impairment	(126)	(126)
Total as at 30 June 2015	172,144	172,144

¹ Other movements in Property, Plant and Equipment relate to the infeasible rights of use (IRUs), relating to network infrastructure assets, issued by the Commonwealth to the Department of Defence in October 2014.

Note 22B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2014)

	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2013		
Gross book value	192,653	192,653
Accumulated depreciation/amortisation and impairment	(10,760)	(10,760)
Total as at 1 July 2013	181,893	181,893
By purchase		
By finance lease		
Revaluations recognised in other comprehensive income	5,665	5,665
Depreciation/amortisation expense	(7,779)	(7,779)
Total as at 30 June 2014	179,779	179,779
Total as at 30 June 2014 represented by:		
Gross book value	182,713	182,713
Accumulated depreciation/amortisation and impairment	(2,934)	(2,934)
Total as at 30 June 2014	179,779	179,779

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2015	2014
	\$'000	\$'000
NOTE 22: Administered - Non-Financial Assets (continued)		
Note 22C: Other Non-Financial Assets		
Lease prepayments ¹	4,458	7,772
Other prepayments	2,696	2,609
Total other non-financial assets	7,154	10,381
Other non-financial assets are expected to be recovered		
No more than 12 months	5,792	5,923
More than 12 months	1,362	4,458
Total other non-financial assets	7,154	10,381

¹ Lease prepayments relate to the operation and maintenance obligation relating to infrastructure assets. The contractor is required to operate and maintain Commonwealth assets for a period of five years at no cost to the Commonwealth. The lease incentive is recognised as a lease prepayment and lease income received in advance.

NOTE 23: Administered - Payables

Note 23A: Suppliers		
Trade creditors and accruals	304	2,501
Total suppliers	304	2,501
Supplier payables expected to be settled		
No more than 12 months	304	2,501
Total suppliers	304	2,501
Suppliers in connection with		
External parties	304	2,501
Total suppliers	304	2,501

Settlement was usually made within 30 days.

Note 23B: Subsidies		
Subsidies in connection with		
External parties	-	163
Total subsidies	-	163
Subsidies expected to be settled		
No more than 12 months	-	163
Total subsidies	-	163
Subsidies in connection with		
External parties	-	163
Total subsidies	-	163

Settlement was usually made within 30 days.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2015 \$'000	2014 \$'000
NOTE 23: Administered - Payables (continued)		
Note 23C: Grants		
Public sector		
Australian Government entities	275	-
State and Territory Governments	243	143
Local Governments	525	289
Private sector		
Non-profit organisations	199	652
Commercial entities	2,809	25,425
Total grants	4,051	26,509

All grants payables are expected to be settled in no more than 12 months. Settlement is usually made according to the terms and conditions of each grant within 30 days of performance or eligibility.

Note 23D: Administered GST Payable

GST Payable to the Official Public Account	3,624	5,743
Total administered GST payable	3,624	5,743

Administered GST payable is expected to be settled in no more than 12 months.

Note 23E: Other Payables

Lease income received in advance ¹	17,463	18,992
Total other payables	17,463	18,992

Total other payables are expected to be settled

No more than 12 months	2,584	1,529
More than 12 months	14,879	17,463
Total other payables	17,463	18,992

¹ Lease income received in advance relates to the indefeasible rights of use (IRUs) issued by the Commonwealth in relation to the network infrastructure assets. As part of the arrangement for the construction of assets and the issue of IRUs, the Commonwealth has provided a lease incentive to the contractor in the form of a reduction of lease payments that would otherwise be payable to the Commonwealth for the IRUs. The lease incentive is recognised as a lease prepayment and lease income received in advance.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
NOTE 24: Administered - Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement		
Cash and cash equivalents as per		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net (cost of)/contribution by services	(1,485,860)	(1,369,725)
Adjustments for non-cash items		
Depreciation / amortisation	7,991	7,779
Transfer of assets	705	-
Movements in assets and liabilities		
Assets		
Decrease in net receivables	7,490	3,682
Decrease in inventories	-	170
Decrease in other non-financial assets	3,227	3,357
Liabilities		
(Decrease) in supplier payables	(2,197)	(30,098)
(Decrease) in subsidies payables	(163)	(23,681)
(Decrease)/Increase in grants payables	(22,458)	9,848
(Decrease) in other payables	(1,530)	(1,529)
Net cash from/(used by) operating activities	<u>(1,492,795)</u>	<u>(1,400,197)</u>

NOTE 25: Administered - Contingent Assets and Liabilities

Quantifiable Administered Contingencies

As at 30 June 2015, the Australian Government did not have any quantifiable contingencies (2014: nil).

Unquantifiable Administered Contingencies

Networking the Nation

As at 30 June 2015, the Australian Government is a party to legal action brought against it in relation to an agreement under the Networking the Nation Program. The outcome of that litigation cannot be predicted.

Termination of the Funding Agreement with OPEL

As at 30 June 2015, the Australian Government is a party to legal action brought against it in relation to an agreement under the Broadband Connect Infrastructure Program. The outcome of that litigation cannot be predicted.

NBN Co Board Members Insolvency Indemnity

The Australian Government has provided each Director of NBN Co Limited (NBN Co) with an indemnity against liability as a result of the Government failing to meet its funding obligations to NBN Co. The liabilities covered by this indemnity would be no greater than those covered by the NBN Co Equity Funding Agreement, with the exception of any legal expenses incurred by individual Directors arising from this indemnity. Relevant Directors are also indemnified in relation to claims arising out of their involvement in the negotiation and entry by NBN Co into the 2010 Financial Heads of Agreement with Telstra.

Significant Remote Administered Contingencies

NBN Co Interim Board Members Indemnity

The Australian Government indemnified the Interim Directors of NBN Co against any liability in respect of claims or legal costs and expenses in defending claims or undertaking proceedings, which may have arisen as a result of any such person acting in their capacity as a director of the company. The removal of Interim Directors occurred on 6 August 2009. As at 30 June 2015, no claims have been made.

Telstra Financial Guarantee

The Australian Government provided a guarantee to Telstra in respect of NBN Co's financial obligations to Telstra under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the agreements between Telstra and NBN Co arise progressively during the roll out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and hybrid-fibre coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount under the Definitive Agreements when due. As at 30 June 2015, NBN Co had generated liabilities which it had not paid and that were covered by the guarantee estimated at \$3.9 billion. The guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount; or
- the Communications Minister declares, under the National Broadband Network Companies Act 2011, that, in his or her opinion, the National Broadband Network should be treated as built and fully operational.

Optus Financial Guarantee

The Australian Government has provided a guarantee to Optus of NBN Co's financial obligations to Optus under the Optus HFC Subscriber Agreement. On 14 December 2014, NBN Co and Optus entered into an amended Optus HFC Subscriber Agreement, which was subject to a number of conditions precedent. The conditions precedent have not yet been met and so the original Optus HFC Subscriber Agreement remains in effect at 30 June 2015. That Agreement extends for the period of the National Broadband Network roll out in Optus Hybrid Fibre Coaxial areas. As at 30 June 2015, NBN Co had generated liabilities which it had not paid and that were covered by the Optus Agreement estimated at \$16.9 million. The Guarantee will terminate in 2021.

Equity Funding Agreement

The Australian Government has entered into an Equity Funding Agreement with NBN Co Limited. The Agreement formalises the Australian Government's intention to provide equity to fund the roll out of the National Broadband Network, with such funding being conditional on the annual appropriation processes. In addition, it commits the Australian Government, in the event of a termination of the National Broadband Network roll out, to provide sufficient funds to NBN Co to meet its costs arising from that termination. Although the NBN Co Equity Funding Agreement will terminate in 2019, the Commonwealth's obligations to meet NBN Co's direct costs, arising from termination of the roll out will continue indefinitely. As at 30 June 2015, NBN Co's termination liabilities were estimated at \$8.5 billion.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 26: Administered - Investments

Ownership %		Notes	Principal Activity
2015	2014		
100	100	A	Australian Broadcasting Corporation and controlled entities - National broadcaster contributing to and reflecting Australia's national identity, fostering creativity and the arts and encouraging cultural diversity. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
100	100	B	Australian Postal Corporation - Provides a high-quality mail delivery service to all Australians and a range of parcel and ancillary services. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
100	100	C	Special Broadcasting Service Corporation and controlled entity - National Broadcasters providing multicultural and multilingual services that inform, educate and entertain all Australians. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
100	100	D	NBN Co - To plan, roll out and operate the National Broadband Network, providing access to high speed broadband to all Australians' premises. A body corporate established under the <i>Public Governance, Performance and Accountability Act 2013</i> .

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2015 \$'000	2014 \$'000
NOTE 27: Administered - Financial Instruments		
Note 27A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Receivables - loans to corporate Commonwealth entities	67,468	40,240
Receivables - other (net)	-	391
Total loans and receivables	67,468	40,631
Available for sale financial assets		
Investment in Australian Broadcasting Corporation ¹	1,021,100	1,055,091
Investment in Special Broadcasting Service Corporation ¹	199,305	198,541
Investment in NBN Co ¹	7,708,000	4,923,976
Investment in Australian Postal Corporation ²	2,321,600	2,526,300
Total available for sale financial assets	11,250,005	8,703,908
Total financial assets	11,317,473	8,744,539
Financial Liabilities		
Financial liabilities measured at amortised cost		
Payables - suppliers	304	2,501
Payables - grants	4,051	26,509
Payables - subsidies	-	163
Total financial liabilities measured at amortised cost	4,355	29,173
Total financial liabilities	4,355	29,173
¹ Administered investment valuations are based on the audited net asset balance.		
² Administered investment valuation in the Australian Postal Corporation for 2015 is based on the discounted cash flow methodology (2014: fair value of net assets methodology).		
Note 27B: Net Gains or Losses on Financial Assets		
Loans and receivables		
Interest revenue	1,312	359
Net gains on loans and receivables	1,312	359
Available for sale financial assets		
Australia Post dividend	-	142,300
(Loss)/Gain recognised in equity	(2,206,279)	(1,286,945)
Net (losses) on available for sale financial assets	(2,206,279)	(1,144,645)
Net (losses) on financial assets	(2,204,967)	(1,144,286)

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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NOTE 27: Administered - Financial Instruments (continued)

Note 27C: Fair Value of Financial Instruments

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
Financial assets				
Receivables - loans to corporate Commonwealth entities	67,468	69,437	40,240	40,240
Receivables - other (net)	-	-	391	391
Available for sale financial assets				
Investment in Australian Broadcasting Corporation and controlled entities	1,021,100	1,021,100	1,055,091	1,055,091
Investment in Special Broadcasting Corporation and controlled entities	199,305	199,305	198,541	198,541
Investment in NBN Co	7,708,000	7,708,000	4,923,976	4,923,976
Investment in Australian Postal Corporation	2,321,600	2,321,600	2,526,300	2,526,300
Total financial assets	11,317,473	11,319,442	8,744,539	8,744,539
Financial Liabilities				
Payables - suppliers	304	304	2,501	2,501
Payables - grants	4,051	4,051	26,509	26,509
Payables - subsidies	-	-	163	163
Total financial liabilities	4,355	4,355	29,173	29,173

Department of Communications

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 27: Administered - Financial Instruments (continued)

Note 27D: Credit Risk

The administered activities of the Department were not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to Government controlled and funded entities and investment in Portfolio Agencies. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of financial assets, net of impairment losses, reported in the Schedule of Administered Items represents the maximum exposure to credit risk as \$11,536,873,000 (2014: \$8,744,538,000). Credit risk is managed by undertaking background and credit checks prior to allowing a debtor relationship. In addition, there are policies and procedures that guide debt recovery techniques that are to be applied.

The Department has assessed the risk of the default on payment and has not allocated an amount to an impairment allowance in 2015 (2014: Nil).

Credit quality of financial assets not past due or individually determined as impaired

	Not Past Due Nor Impaired 2015 \$'000	Not Past Due Nor Impaired 2014 \$'000	Past Due or Impaired 2015 \$'000	Past Due or Impaired 2014 \$'000
Loans and receivables				
Receivables - loans to corporate Commonwealth entities	67,468	40,240	-	-
Receivables - other	-	390	-	1
Available for sale financial assets				
Investment in Australian Broadcasting Corporation	1,021,100	1,055,091	-	-
Investment in Special Broadcasting Service Corporation	199,305	198,541	-	-
Investment in NBN Co	7,708,000	4,923,976	-	-
Investment in Australian Postal Corporation	2,321,600	2,526,300	-	-
Total	11,317,473	8,744,538	-	1

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - loan to corporate Commonwealth entities	-	-	-	-	-
Receivables - other	-	-	-	-	-
Total	-	-	-	-	-

Ageing of financial assets that were past due but not impaired in 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - other	-	-	-	1	1
Total	-	-	-	1	1

NOTE 27: Administered - Financial Instruments (continued)

Note 27E: Liquidity Risk

The Administered financial liabilities are trade creditors, grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Commonwealth will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms, internal policies and procedures that are currently in place.

All financial liabilities are payable within one year.

Note 27F: Market Risk

Other than Administered Investments the Commonwealth holds basic financial instruments that do not expose the Commonwealth to certain market risks. The Department's Administered activities are not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item in the closing Schedule of Administered Items is 'loans receivable'. These items have fixed interest and will, therefore, not fluctuate due to changes in the market interest rate.

The sensitivity analysis of the risk of a change in discount rate used to calculate the fair value of the investment in the Australian Postal Corporation, holding all other variables constant is disclosed at Note 20A . A 40 basis points change is deemed to be reasonably possible and is used when reporting interest rate risk.

The method used to arrive at the possible risk of 40 basis points was based on both statistical and non-statistical analysis. The statistical analysis has been based on the cash rate for the past five years issued by the Reserve Bank of Australia (RBA) as the underlying dataset. This information is then revised and adjusted for reasonableness under the current economic circumstances.

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. Its administered investments are not traded on the Australian Stock Exchange. It does not hold any other financial instruments that would be exposed to price risk.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Notes	2015 \$'000	2014 \$'000
NOTE 28: Administered - Financial Assets Reconciliation			
Financial assets			
Total financial assets per administered schedule of assets and liabilities		11,318,286	8,749,679
Less: non-financial instrument components			
GST receivable	21A	801	5,140
Accrued Revenue	21C	12	-
Total non-financial instrument components		813	5,140
Total financial assets as per administered financial instruments note	27A	11,317,473	8,744,539

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 29: Appropriations

Note 29A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2015

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ³ \$'000	Section 51 determinations ⁴ \$'000
	Annual appropriation ^{1,2} \$'000	Advance to the Finance Minister (AFM) \$'000	Section 74 \$'000	Section 75 \$'000				
Departmental								
Ordinary annual services	95,472	-	1,306	-	96,778	97,461	(683)	-
Other services								-
Equity	6,400	-	-	-	6,400	400	6,000	-
Total departmental	101,872	-	1,306	-	103,178	97,861	5,317	-
Administered								
Ordinary annual services								
Administered items	147,591	-	-	-	147,591	148,318	(727)	(14,354)
Payments to corporate Commonwealth entities	1,350,698	-	-	-	1,350,698	1,349,152	1,546	(1,573)
Other services								
Administered assets and liabilities	3,229,445	-	-	-	3,229,445	4,767,000	(1,537,555)	-
Payments to corporate Commonwealth entities	50,000	-	-	-	50,000	50,000	-	-
Total administered	4,777,734	-	-	-	4,777,734	6,314,470	(1,536,736)	(15,927)

¹ Annual appropriation represents the total annual appropriation allocated for the current financial year. The total quarantined amount included in the annual appropriation for 2014-15, but not forming part of section 51 of the PGPA Act, is \$2.629m for administered. There are no appropriations remaining, which have been quarantined for departmental as at 30 June 2015.

² In 2014-15, there were no adjustments that met the recognition criteria of a formal addition or reduction in revenue (in accordance with Financial Reporting Rule Part 6 Div. 3), and at law the appropriations had not been amended before the end of the reporting period.

³ As at 30 June 2015, there are no material departmental variances. The administered variance under assets and liabilities of \$1.538b relates to funding for NBN Co that was not required in 2014-15.

⁴ Determinations under section 51 of the PGPA Act relate to approved movements of funds, savings measures and funding to support the establishment of the Digital Transformation Office.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 29: Appropriations (continued)

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2014

	2014 Appropriations						Appropriation applied in 2014 (current and prior years)	Variance ^(b)
	Appropriation Act		FMA Act			Total appropriation		
	Annual appropriation	Appropriations reduced ^(a)	Section 30	Section 31	Section 32			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
DEPARTMENTAL								
Ordinary annual services	111,247	-	-	6,049	(894)	116,402	(121,456)	(5,054)
Other services								
Equity	1,141	-	-		-	1,141	(503)	638
Total departmental	112,388	-	-	6,049	(894)	117,543	(121,959)	(4,416)
ADMINISTERED								
Ordinary annual services								
Administered items	225,590	(36,362)	183		(11,589)	177,822	(219,758)	(41,936)
Payments to CAC Act bodies	1,327,688	-	-		-	1,327,688	(1,323,625)	4,063
Other services								
Administered assets and liabilities	1,379,000	-	-		-	1,379,000	(3,190,000)	(1,811,000)
Payments to CAC Act bodies	43,300	-	-		-	43,300	(43,300)	-
Total administered	2,975,578	(36,362)	183		(11,589)	2,927,810	(4,776,683)	(1,848,873)

Notes:

(a) Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. All unspent administered appropriations lapse at financial year end.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (Nos. 1, 3 & 5) 2013-14, the appropriation is taken to be reduced to the required amount specified in Table E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament. The amount of the reduction under Appropriation Act (Nos. 1, 3 & 5) 2013-14 was \$36,362,000.

(b) Administered variance for assets and liabilities relates to funding for NBN Co Limited that was not required in 2013-14.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 29: Appropriations (continued)

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations		Capital Budget Appropriations applied in 2015 (current and prior years)				
	<i>Appropriation Act</i>	<i>PGPA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000	Variance ³ \$'000
	Annual Capital Budget \$'000	Section 75 \$'000					
Departmental ¹							
Ordinary annual services - Departmental Capital Budget	4,095	-	4,095	3,613	-	3,613	482
Administered ¹							
Ordinary annual services - Administered Capital Budget	-	-	-	-	-	-	-

¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

² Payments made on non-financial assets include purchases of assets, expenditure on assets that have been capitalised, costs incurred to bring assets back to their original condition, and the capital repayment component of finance leases.

³ As at 30 June 2015, the departmental variance of \$0.482m remains unspent due to a number of projects that were not completed by the end of the financial year.

Department of Communications

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 29: Appropriations (continued)

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (current and prior years)			Variance \$'000
	Appropriation Act		FMA Act	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ² \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Appropriations reduced \$'000	Section 32 \$'000					
DEPARTMENTAL								
Ordinary annual services								
Departmental Capital Budget ¹	4,264	-	(20)	4,244	(2,919)	-	(2,919)	1,325
ADMINISTERED								
Ordinary annual services								
Administered Capital Budget ¹	-	-	-	-	-	-	-	-

Notes:

¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 28A: Annual appropriations.

² Payments made on non-financial assets include purchases of assets, expenditure on assets that has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 29: Appropriations (continued)

Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015	2014
	\$'000	\$'000
Departmental		
Cash and cash equivalents	655	576
Appropriation Act (No.1) 2014-2015	5,535	-
Appropriation Act (No.2) 2014-2015	219	-
Appropriation Act (No.3) 2014-2015	3,382	-
Appropriation Act (No.4) 2014-2015	5,781	-
Appropriation Act (No.5) 2014-2015	1,700	-
Appropriation Act (No.1) 2013-2014	-	10,057
Appropriation Act (No.2) 2013-2014	-	638
Appropriation Act (No.1) 2012-2013	211	1,082
Appropriation Act (No.3) 2012-2013	1,602	1,602
Appropriation Act (No.1) 2011-2012*	-	1,305
Appropriation Act (No.3) 2011-2012*	-	4,133
Appropriation Act (No.1) 2010-2011*	-	5,186
Appropriation Act (No.3) 2010-2011*	-	107
Total departmental	19,085	24,686
Administered		
Appropriation Act (No.1) 2014-2015	8,009	-
Appropriation Act (No.2) 2014-2015	623,000	-
Appropriation Act (No.1) 2013-2014	649	27,902
Appropriation Act (No.2) 2013-2014	-	129,000
Appropriation Act (No.1) 2012-2013	7,985	8,698
Appropriation Act (No.2) 2012-2013	-	2,031,555
Appropriation Act (No.3) 2012-2013	-	78
Appropriation Act (No.1) 2011-2012	-	2,803
Total administered	639,643	2,200,036

* These appropriations were repealed by the *Omnibus Repeal Day (Autumn 2014) Act 2014* on 16 October 2014.

Department of Communications

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

NOTE 29: Appropriations (continued)

Note 29D: Special Appropriations Applied ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>Telstra Corporation Act 1991</i> , section 8BA(3). Nature: Administered	Unlimited Amount	for the payment of compensation constitutional safety net	-	-
<i>Financial Management and Accountability Act</i> 1997, section 39. Nature: Administered	Unlimited Amount	for the investment of public money	-	-
<i>Financial Management and Accountability Act</i> 1997, section 28(2). Nature: Administered	Refund Provisions	to provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	-	1
Total			-	1

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 30: Special Accounts

Note 30: Special Accounts ('Recoverable GST exclusive')

	BAF Communications Portfolio Special Account ¹		Australia New Zealand Land Information Special Account ²	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance brought forward from previous period	-	-	-	-
Increases				
Appropriation credited to special account:				
Departmental	-	-	-	-
Administered	-	-	133	-
Total increases	-	-	133	-
Available for payments	-	-	133	-
Decreases				
Departmental				
Payments made	-	-	-	-
Total departmental	-	-	-	-
Administered				
Payments made	-	-	(32)	-
Total administered	-	-	(32)	-
Total decreases	-	-	(32)	-
Total balance carried to the next period	-	-	101	-

¹Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Nation-building Funds Act 2008*, section 68.

Purpose: To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters.

²Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.
Establishing Instrument: *Determination 2001/11*.

Purpose: To make payments in relation to developing best practice policies and guidelines in spatial data management in Australia and New Zealand and assisting the growth of a spatial information industry in Australia and New Zealand.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 31: Reporting of Outcomes

Note 31: Net Cost of Outcome Delivery

The Department reports only on one outcome. All of the Department's departmental and administered revenue, expenses, assets and liabilities are allocated to Outcome 1 in the table below.

	Outcome 1 ¹		Payments to corporate Commonwealth entities ²		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental						
Expenses	98,323	114,842	-	-	98,323	114,842
Own-source income	1,610	3,363	-	-	1,610	3,363
Administered						
Expenses	140,967	190,769	1,349,152	1,323,625	1,490,119	1,514,394
Own-source income	4,259	144,669	-	-	4,259	144,669
Net cost of outcome delivery	233,421	157,579	1,349,152	1,323,625	1,582,573	1,481,204

¹ Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table of this Annual Report.

² Payments to corporate Commonwealth entities are not related to the outcomes of the Department.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

NOTE 32A: Departmental Budgetary Reports

Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	Actual	Budget estimate	
			Original ¹	Variance ²
		2015	2015	2015
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	4A	50,825	63,136	(12,311)
Suppliers	4B	40,784	27,531	13,253
Depreciation and amortisation		5,906	5,551	355
Finance costs		65	63	2
Write-down and impairment of assets		730	-	730
Losses from asset sales		2	-	2
Other expenses		11	-	11
Total expenses		98,323	96,281	2,042
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	5A	795	4,025	(3,230)
Rental income		215	-	215
Other revenue		203	-	203
Total own-source revenue		1,213	4,025	(2,812)
Gains				
Sale of assets		6	-	6
Other gains		391	410	(19)
Total gains		397	410	(13)
Total own-source income		1,610	4,435	(2,825)
Net contribution by services		96,713	91,846	4,867
Revenue from Government	5E	91,377	86,295	5,082
Surplus (Deficit) before income tax on continuing operations		(5,336)	(5,551)	215
Surplus (Deficit) after income tax		(5,336)	(5,551)	215
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		(1,645)	-	(1,645)
Total other comprehensive income after income tax		(1,645)	-	(1,645)
Total comprehensive (loss)		(6,981)	(5,551)	(1,430)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32: Departmental Budgetary Reports (continued)

Statement of Financial Position
as at 30 June 2015

	Notes	Actual	Budget estimate	
		2015 \$'000	Original ¹ 2015 \$'000	Variance ² 2015 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		655	750	(95)
Trade and other receivables		19,954	20,593	(639)
Other financial assets		366	-	366
Total financial assets		20,975	21,343	(368)
Non-financial assets				
Land and buildings	8A, 8C	3,245	5,109	(1,864)
Property, plant and equipment	8B, 8C	2,452	5,632	(3,180)
Intangibles	8D, 8E	8,550	7,746	804
Other non-financial assets		908	1,121	(213)
Total non-financial assets		15,155	19,608	(4,453)
Total assets		36,130	40,951	(4,821)
LIABILITIES				
Payables				
Suppliers	9A	9,621	6,368	3,253
Lease incentives		469	412	57
Other payables		2,666	2,153	513
Total payables		12,756	8,933	3,823
Provisions				
Employee provisions	10A	16,666	21,014	(4,348)
Other provisions		4,177	4,282	(105)
Total provisions		20,843	25,296	(4,453)
Total liabilities		33,599	34,229	(630)
Net assets		2,531	6,722	(4,191)
EQUITY				
Contributed equity		15,880	(11,103)	26,983
Reserves		8,189	8,865	(676)
Retained surplus/(Accumulated deficit)		(21,538)	8,960	(30,498)
Total equity		2,531	6,722	(4,191)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32: Departmental Budgetary Reports (continued)

Statement of Changes in Equity
for the year ended 30 June 2015

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²		Original ¹	Variance ²
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance												
Balance carried forward from previous period	(5,204)	14,511	(19,715)	9,834	8,865	969	5,385	(15,817)	21,202	10,015	7,559	2,456
Adjustment for errors	(267)	-	(267)	-	-	-	-	-	-	(267)	-	(267)
Adjusted opening balance	(5,471)	14,511	(19,982)	9,834	8,865	969	5,385	(15,817)	21,202	9,748	7,559	2,189
Comprehensive income												
Surplus (Deficit) for the year	-	(5,551)	5,551	-	-	-	-	-	-	-	(5,551)	5,551
Other comprehensive income	(5,336)	-	(5,336)	(1,645)	-	(1,645)	-	-	-	(6,981)	-	(6,981)
Total comprehensive income	(5,336)	(5,551)	215	(1,645)	-	(1,645)	-	-	-	(6,981)	(5,551)	(1,430)
Total comprehensive income attributed to Australian Government	(5,336)	(5,551)	215	(1,645)	-	(1,645)	-	-	-	(6,981)	(5,551)	(1,430)
Transactions with owners												
Distributions to owners												
Reductions of appropriations (Omnibus Repeal Day (Autumn 2014) Act 2014)	(10,731)	-	(10,731)	-	-	-	-	-	-	(10,731)	-	(10,731)
Contributions by owners												
Equity injection	-	-	-	-	-	-	6,400	619	5,781	6,400	619	5,781
Departmental Capital Budget	-	-	-	-	-	-	4,095	4,095	-	4,095	4,095	-
Total transactions with owners	(10,731)	-	(10,731)	-	-	-	10,495	4,714	5,781	(236)	4,714	(4,950)
Transfers between equity components	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	(21,538)	8,960	(30,498)	8,189	8,865	(676)	15,880	(11,103)	26,983	2,531	6,722	(4,191)
Closing balance attributable to Australian Government	(21,538)	8,960	(30,498)	8,189	8,865	(676)	15,880	(11,103)	26,983	2,531	6,722	(4,191)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32: Departmental Budgetary Reports (continued)

Cash Flow Statement

for the year ended 30 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government	97,529	86,265	11,264
Sales of goods and rendering of services	423	4,025	(3,602)
Net GST received	3,681	-	3,681
Other	224	30	194
Total cash received	101,857	90,320	11,537
Cash used			
Employees	59,403	62,448	(3,045)
Suppliers	37,388	27,872	9,516
Section 74 receipts transferred to Official Public Account	4,987	-	4,987
Other	12	-	12
Total cash used	101,790	90,320	11,470
Net cash from operating activities	67	-	67
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	12	-	12
Total cash received	12	-	12
Cash used			
Purchase of property, plant and equipment	94	4,714	(4,620)
Purchase of land and buildings	154	-	154
Purchase of intangibles	3,764	-	3,764
Total cash used	4,012	4,714	(702)
Net cash from investing activities	(4,000)	(4,714)	714
FINANCING ACTIVITIES			
Cash received			
Contributed equity	400	4,714	(4,314)
Departmental Capital Budget	3,612	-	3,612
Total cash received	4,012	4,714	(702)
Net cash (used by) from financing activities	4,012	4,714	(702)
Net increase in cash held	79	-	79
Cash and cash equivalents at the beginning of the reporting period	576	750	(174)
Cash and cash equivalents at the end of the reporting period	655	750	(95)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32: Departmental Budgetary Reports (continued)

NOTE 32B: Departmental Major Budget Variances

Explanations of major variances	Affected line items (and statement)	
Statement of Comprehensive Income		
The Department operated below the budgeted ASL for 2014-15.	4A	Employee Benefits
The variance in the Suppliers Expense predominantly relates to the new mobility project undertaken in 2014-15 and an increase in contractor/consultancy costs following the Department's restructure of 1 September 2014.	4B	Suppliers
The difference largely reflects the anticipated transfer of the Telecommunications Universal Service Management Agency functions to the Department at 1 July 2014, which did not occur until 1 July 2015.	5A	Sale of goods and rendering of services
The increase in the Revenue from Government is due to additional appropriations in 2014-15 from Additional Estimates and Supplementary Additional Estimates, relating mainly to redundancy funding.	5E	Revenue from Government
The difference in the changes in asset revaluation surplus reflects the annual revaluation undertaken at 30 June 2015.	N/A	Changes in asset revaluation surplus
Statement of Financial Position		
The decrease reflects the outcome of the annual revaluation for Buildings and Property, Plant and Equipment assets at 30 June 2015.	8A-8E	Non-Financial Assets
Actual Suppliers Payable is higher than projected as a result of several factors such as, new ICT projects undertaken in 2014-15, legal fees on litigation work, Digital Transformation Office establishment/transition costs and additional Comcare premium.	9A	Suppliers
The variance mainly relates to staff movements and redundancies in relation to the organisational restructure of 1 September 2014.	10A	Employee provisions
Statement of Changes in Equity		
The variance in the total equity is primarily due to reductions of appropriations and asset revaluations in 2014-15.	N/A	Total Equity
Cash Flow Statement		
The variance reflects actual drawdowns from the Official Public Account (OPA) commensurate with an increase in consultancy/contractor costs and new ICT projects in 2014-15.	N/A	Receipts from Government
The difference largely reflects the anticipated transfer of the Telecommunications Universal Service Management Agency functions to the Department at 1 July 2014, which did not occur until 1 July 2015.	N/A	Sales of goods and rendering of services

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the entity. The Budget is not audited.

NOTE 32C: Administered Budgetary Reports

Administered Schedule of Comprehensive Income
for the year ended 30 June 2015

	Notes	Actual	Budget estimate	
		2015	Original ¹	Variance ²
		\$'000	2015	2015
				\$'000
NET COST OF SERVICES				
Expenses				
Suppliers	18A	11,627	15,401	(3,774)
Subsidies		(133)	-	(133)
Grants	18C	111,849	129,311	(17,462)
Depreciation and amortisation		7,991	7,779	212
Finance costs	18E	3,269	-	3,269
Payments to corporate Commonwealth Entities	18G	1,349,152	1,350,698	(1,546)
Other expenses		6,364	6,179	185
Total expenses		1,490,119	1,509,368	(19,249)
Non-taxation revenue				
Non-taxation revenue				
Interest		1,312	767	545
Dividends	19B	-	21,000	(21,000)
Rental income		1,529	1,529	-
Other revenue		429	-	429
Total Non-taxation revenue		3,270	23,296	(20,026)
Gains				
Other gains		989	-	989
Total gains		989	-	989
Total income		4,259	23,296	(19,037)
Net (cost of)/contribution by services		(1,485,860)	(1,486,072)	212
Deficit		(1,485,860)	(1,486,072)	212
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		1,061	-	1,061
Items subject to subsequent reclassification to net cost of services				
Gains/(Losses) on available for sale financial assets		(2,206,279)	-	(2,206,279)
Total other comprehensive income/(loss)		(2,205,218)	-	(2,205,218)
Total comprehensive loss		(3,691,078)	(1,486,072)	(2,205,006)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32C: Administered Budgetary Reports (continued)

Administered Schedule of Assets and Liabilities
as at 30 June 2015

	Notes	Actual	Budget estimate	
		2015	Original ¹	Variance ²
		\$'000	\$'000	2015
				\$'000
ASSETS				
Financial assets				
Trade and other receivables	21A	68,269	72,763	(4,494)
Other investments	21B	11,250,005	11,900,544	(650,539)
Other financial assets		12	-	-
Total financial assets		11,318,286	11,973,307	(655,021)
Non-financial assets				
Property, plant and equipment	22A,22B	172,144	166,335	5,809
Other non-financial assets		7,154	7,077	77
Total non-financial assets		179,298	173,412	5,886
Total assets administered on behalf of Government		11,497,584	12,146,719	(649,135)
LIABILITIES				
Payables				
Suppliers		304	-	304
Grants	23C	4,051	-	4,051
GST payable		3,624	6,014	(2,390)
Other payables		17,463	17,565	(102)
Total payables		25,442	23,579	1,863
Total liabilities administered on behalf of Government		25,442	23,579	1,863
Net assets		11,472,142	12,123,140	(650,998)

¹ The Department's original budgeted financial statement that was first presented to parliament in respect of the reporting period.

² This column represents variances between actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

Department of Communications
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NOTE 32D: Administered Major Budgetary Variances

Explanations of major variances	Affected line items (and statement)	
Administered Schedule of Comprehensive Income		
The variance predominantly reflects the use of budgeted funds to support the establishment of the Digital Transformation Office and the establishment of the Children's e-Safety Commissioner.	18A	Suppliers
The difference in Grants Expense is mainly due to approved movement of funds into 2015-16 for the Mobile Black Spot Programme, in addition to redirecting budgeted funds to support the establishment of the Digital Transformation Office and transfer of the Enhancing Online Safety for Children Programme to Australian Communications and Media Authority.	18C	Grants
The variance relates to the accounting treatment of the loan discount expense for Australian Broadcasting Corporation (ABC), which was not reflected in the PBS 2014-15.	18E	Finance Costs
The budgeted payments to corporate Commonwealth entities reflects approved movement of funds into forward years for Special Broadcasting Service (SBS).	18G	Payments to corporate Commonwealth entities
The variance reflects the approved decision by Australia Post not to pay a dividend in 2014-15.	19B	Dividends
The difference in the changes in asset revaluation surplus reflects the annual revaluation of the Regional Backbone Blackspots Program (RBBP) assets network.	N/A	Changes in asset revaluation surplus
The losses on available for sale financial assets are the net movements in the administered investment reserve to reflect ABC, SBS, NBN Co and Australia Post fair values at 30 June 2015.	N/A	Gains/(Losses) on available for sale financial assets
Administered Schedule of Assets and Liabilities		
The variance is in relation to the actual GST receivable from the Australian Taxation Office being lower than budgeted.	21A	Trade and other receivables
Other investments includes changes in the net asset position for ABC, SBS and NBN Co as at 30 June 2015 and a change in valuation methodology for Australia Post to discounted cash flow.	21B	Other Investments
The variance reflects the annual revaluation of the RBBP assets network, marginally offset by RBBP indefeasible rights of use (IRUs) transferred to the Department of Defence.	22A,22B	Property, plant and equipment
The variance reflects timing differences in the projected payment of grants as at 30 June 2015.	23C	Grants