

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

22. EXPENDITURE COMMITMENTS (CONTINUED)

		Telstra Group	
		As at 30 June	
	Note	2014 \$m	2013 \$m
Finance lease commitments			
Within 1 year.....		99	76
Within 1 to 5 years.....		191	181
After 5 years		154	135
Total minimum lease payments.....		444	392
Future finance charges on finance leases.....		(135)	(112)
Present value of net future minimum lease payments		309	280
The present value of finance lease liabilities is as follows:			
Within 1 year.....	17	78	66
Within 1 to 5 years.....		155	147
After 5 years		76	67
Total finance lease liabilities	17	309	280

Description of our finance leases

We have finance leases for the following types of assets:

- property lease in our controlled entity, Telstra Limited
- computer mainframes, computer processing equipment and other related equipment.

The weighted average lease term is:

- 25 years for the property lease, with a remaining average life of 23 years
- 5 years for computer mainframes and associated equipment.

Interest rates for our finance leases are:

- property lease interest rate of 9.5 per cent
- computer mainframes, computer processing equipment associated equipment weighted average interest rate of 6.1 per cent.

We sublease computer mainframes, computer processing equipment and other related equipment as part of the solutions management and outsourcing services that we provide to our customers. Refer to note 10 for further details on these finance subleases.

During financial year 2013, we acquired the property head leases held by Telstra Limited and extinguished the finance leases. This resulted in a net gain of \$8 million being recognised in the income statement. We then sold the property and entered into a lease back transaction, whereby a finance lease asset and finance lease liability of \$52 million were recognised. The lease term is 25 years, with two 10 year options to extend. There is no purchase option. Rent is based on market prices, reviewed on an annual basis and subject to a cap and collar of 5 per cent and 2 per cent respectively.

Information on our share of our joint ventures and associated entities' commitments is included in note 26.